repeal of existing legislation beneficial to Spanish War veterans, their widows, or dependents; to the Committee on World War Veterans' Legislation.

9465. Also, petition of Martin J. Revens and 57 other citizens of Rhode Island, protesting against any reduction or repeal of existing legislation beneficial to Spanish War veterans, their widows, or dependents; to the Committee on World War Veterans' Legislation.

9466. By Mr. CULKIN: Resolution of the Harbor and Dock Commission of Oswego, N. Y., protesting against a grouping and consolidation of the various branches of the executive departments of the Federal Government; to the Committee on Expenditures in the Executive Departments.

9467. By Mr. DELANEY: Petition of the National Cooperative Milk Producers' Federation, urging the inclusion of dairy products in the pending allotment bill, H. R. 13991; to the Committee on Agriculture.

9468. Also, petition of the Shippers' Conference of Greater New York, protesting against certain items in Senate bill 4491; to the Committee on Merchant Marine, Radio, and Fisheries.

9469. By Mr. GARBER: Petition expressing approval of the stand of those who voted against the repeal of the eighteenth amendment and urging continued opposition to modification or repeal of the prohibition laws; to the Committee on the Judiciary.

9470. Also, resolutions passed by locals of the Oklahoma Wheat Growers' Association and other business interests in western Oklahoma, representative of the unanimous wish of the organized wheat farmers of Oklahoma, requesting the retention of the agricultural marketing act, except the stabilization feature, and urging the passage of adequate legislation extending the benefits of tariff to agriculture as embodied in the domestic allotment plan; to the Committee on Agriculture.

9471. Also, petition urging support of the railway pension bills, S. 4646 and H. R. 9891; to the Committee on Interstate and Foreign Commerce.

9472. By Mr. GIBSON: Petition of James L. Burke and eight other residents of Alburgh, Vt., protesting the administrative furlough affecting the Immigration Service; to the Committee on Immigration and Naturalization.

9473. Also, petition of Rev. Albert V. Fisher and 14 other residents of McIndoe Falls, Vt., favoring the stop-alien representation amendment; to the Committee on the Judiciary.

9474. Also, petition of C. E. Ayer and eight other residents of Richford, Vt., protesting against the administrative furlough affecting the Immigration Service; to the Committee on Immigration and Naturalization.

9475. Also, petition of A. H. Fuller and 55 other residents of northern Vermont, protesting against the consolidation of the customs border patrol and the immigration border patrol with the United States Coast Guard; to the Committee on Immigration and Naturalization.

9476. By Mr. HOOPER: Petition of residents of Battle Creek, Mich., and vicinity, urging favorable action on Senate bill 1079 and Senate Resolution 170; to the Committee on Interstate and Foreign Commerce.

9477. By Mr. LEHLBACH: Petition of William M. Bailey and other citizens, protesting against alien representation; to the Committee on the Judiciary.

9478. By Mr. LINDSAY: Petition of the Shippers' Conference of Greater New York, registering certain objections to the legislation contained in Senate bill 4491; to the Committee on Merchant Marine, Radio, and Fisheries.

9479. Also, petition of The Best Foods (Inc.), New York City, protesting against the Andresen amendment to House bill 13991; to the Committee on Agriculture.

9480. By Mr. ROBINSON: Petition signed by George C. Pashby, Route No. 5, Cedar Falls, Iowa, and 14 others, urging the passage of the stop-alien representation amendment to the United States Constitution to cut out the 6,280,000 aliens in this country and count only American citizens when making future apportionments for congressional districts; to the Committee on the Judiciary.

9481. By Mr. RUDD: Petition of The Best Foods (Inc.), New York City, opposing the Andresen proposed amendment to House bill 13991, advocating a tax of 5 cents a pound on oleomargarine and a tariff upon its ingredients; to the Committee on Agriculture.

9482. By Mr. SEGER: Letter from Rev. A. L. Kletz, pastor of First Methodist Episcopal Church, Passaic, N. J., urging passage of stop-alien representation amendment; to the Committee on the Judiciary.

9483. By Mr. SHREVE: Petition of A. J. Knightlinger, A. W. Dennis, and others, of Meadville, and Mary E. Rigby and others, of Titusville, Pa., urging the passage of the stop-alien representation amendment to the Constitution of the United States; to the Committee on the Judiciary.

9484. By Mr. SNOW: Memorial of Eureka Grange, No. 113, of Mapleton, Me., indorsing proposed Sparks-Capper stop-alien representation amendment; to the Committee on the Judiciary.

9485. By Mr. SPARKS: Petition of citizens of Northbranch and Burr Oak, Kans., and Guide Rock, Nebr., submitted by A. W. Cline, of Northbranch, Kans., and L. M. Jeffery, of Guide Rock, Nebr., and signed by 52 others, opposing any measure permitting the sale of beer or wine; to the Committee on the Judiciary.

9486. By Mr. STALKER: Petition of W. C. Adams and 85 other residents of Arkport, N. Y., urging support of the stop-alien representation amendment to the United States Constitution to cut out aliens and count only American citizens when making future apportionments for congressional districts; to the Committee on the Judiciary.

9487. By Mr. TAYLOR of Colorado: Petition of citizens of Kline, Colo., urging legislation for the remonetization of silver on a reasonable ratio with gold; to the Committee on Coinage, Weights, and Measures.

9488. By Mr. WYANT: Petition of citizens of Blairsville, Pa., urging support of the stop-alien representation amendment to the United States Constitution to cut out 6,280,000 aliens in this country, and count only American citizens, when making future apportionments for congressional districts; to the Committee on the Judiciary.

9489. Also, petition of citizens of Murrysville, Pa., urging support of the stop-alien representation amendment to the United States Constitution to cut out 6,280,000 aliens in this country, and count only American citizens, when making future apportionments for congressional districts; to the Committee on the Judiciary.

9490. Also, petition of citizens of Manor, Pa., urging support of the stop-alien representation amendment to the United States Constitution to cut out 6,280,000 aliens in this country, and count only American citizens, when making future apportionments for congressional districts; to the Committee on the Judiciary.

9491. Also, petition of citizens of Harrison City, Pa., urging support of the stop-alien representation amendment to the United States Constitution to cut out 6,280,000 aliens in this country, and count only American citizens, when making future apportionments for congressional districts; to the Committee on the Judiciary.

SENATE

WEDNESDAY, JANUARY 11, 1933

(Legislative day of Tuesday, January 10, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Black	Byrnes	Copeland
Austin	Blaine	Capper	Costigan
Bailey	Borah	Caraway	Couzens
Bankhead	Bratton	Carey	Cutting
Barbour	Broussard	Cohen	Dale
Barkley	Bulkley	Connally	Dickinson
Bingham	Bulow	Coolidge	Dill

Fess	Hull	Nye	Thomas, Idaho
Fletcher	Johnson	Oddie	Thomas, Okla.
Frazier	Kendrick	Patterson	Townsend
George	King	Pittman	Trammell
Glass	La Follette	Reynolds	Tydings
Glenn	Lewis	Robinson, Ark.	Vandenberg
Goldsborough	Logan	Robinson, Ind.	Wagner
Gore	Long	Schall	Walcott
Grammer	McGill	Schuyler	Walsh, Mass.
Hale	McKellar	Sheppard	Walsh, Mont.
Harrison	McNary	Shipstead	Watson
Hastings	Metcalf	Shortridge	Wheeler
Hatfield	Moses	Smith	White
Hayden	Neely	Smoot	
Hebert	Norbeck	Steiwer	
Howell	Norris	Swanson	

Mr. MOSES. I desire to announce that the senior Senator from Pennsylvania [Mr. REED] is absent from the Senate because of illness. I ask that this announcement may stand for the day.

Mr. FESS. I wish to announce the absence of the junior Senator from Pennsylvania [Mr. DAVIS], who is attending the funeral of the late Representative Kendall.

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

CONDOLENCE ON DEATH OF FORMER PRESIDENT COOLIDGE

The VICE PRESIDENT laid before the Senate a cablegram of condolence on the death of Hon. Calvin Coolidge, a former President of the United States, from Hon. Alberto Barreras, president of the Senate of the Republic of Cuba, which was ordered to lie on the table and to be printed in the RECORD, as follows:

[Translation of cablegram]

To the honorable PRESIDENT OF THE SENATE OF THE UNITED STATES OF AMERICA, *Washington, D. C.*:

In the name of the Senate of the Republic of Cuba I beg to send you the expression of our sincere grief for the death of the Hon. Calvin Coolidge, which means a great loss to the American people. We Cubans can not forget that this austere patriot, while President, honored our native land by coming to Habana on the occasion of the Fourth Pan American Conference. The historic ties which bind Cuba and the great American confederation make us feel its griefs as our own. I pray you to bring this expression of condolence before the members of the family of the illustrious man who has disappeared.

Respectfully yours,

ALBERTO BARRERAS,
President of the Senate of the Republic.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution unanimously adopted by the annual mass meeting of the National Association for the Advancement of Colored People, at New York City, N. Y., favoring the prompt adoption of the resolution submitted by Mr. WAGNER (S. Res. 300) authorizing an investigation of labor conditions prevailing upon the Mississippi flood-control project, which was referred to the Committee on Commerce.

He also laid before the Senate a resolution adopted by the Governors' Southwide Cotton Conference, at Memphis, Tenn., on December 29, 1932, favoring the making of Federal loans to owners of occupied farms for the purpose of enabling them to pay taxes for at least two years on such farms in cases where money is not obtainable for such tax purposes from other sources, which was referred to the Committee on Agriculture and Forestry.

He also laid before the Senate a letter from Warren L. Morriss, of Topeka, Kans., inclosing a plan to solve the present farm, unemployment, and economic difficulties, which was referred to the Committee on Appropriations.

He also laid before the Senate a letter from Mrs. E. M. House, of Encinitas, Calif., relative to banking and financial matters, which was referred to the Committee on Banking and Currency.

He also laid before the Senate a letter in the nature of a petition from Neisa L. Hart, of Santa Monica, Calif., praying for the adoption of the so-called technocracy plan as a solution of present economic difficulties, which was ordered to lie on the table.

Mr. BLAINE presented memorials of sundry citizens of Wisconsin Rapids, Wis., remonstrating against the repeal of the eighteenth amendment of the Constitution or any modification of the national prohibition act, which were referred to the Committee on the Judiciary.

Mr. GOLDSBOROUGH presented the memorial of the American Temperance Society of the Seventh-day Adventists, of Tacoma Park, D. C., signed by 277 citizens of the State of Maryland and the District of Columbia, remonstrating against the repeal of the eighteenth amendment of the Constitution or any modification of the national prohibition act, which was referred to the Committee on the Judiciary.

Mr. VANDENBERG presented memorials of 3,559 citizens of the State of Michigan, remonstrating against the repeal of the eighteenth amendment of the Constitution or the repeal or modification of the national prohibition act, which were referred to the Committee on the Judiciary.

Mr. COPELAND presented a resolution adopted by the West Walworth Local Association of Dairymen's League Cooperative Association (Inc.), New York, favoring the revaluation of the dollar to a level more in keeping with that at which debts were contracted, which was referred to the Committee on Banking and Currency.

He also presented resolutions adopted by the New York Peace Society, of New York, favoring the prompt ratification of the World Court protocols, and the outlawry of war through the Kellogg-Briand pact by the adoption of a protocol or a subsidiary treaty providing for meetings of the signatories to the pact for consultation in the event of any breach or threatened breach thereof, etc., which were referred to the Committee on Foreign Relations.

He also presented the memorial of the Floral Park and vicinity Woman's Christian Temperance Union, New Hyde Park, N. Y., remonstrating against the repeal of the eighteenth amendment of the Constitution or the modification of the national prohibition law, which was referred to the Committee on the Judiciary.

He also presented memorials of sundry citizens of the State of New York, remonstrating against the passage of legislation to legalize the manufacture and sale of liquors with an alcoholic content stronger than one-half of 1 per cent, which were referred to the Committee on the Judiciary.

He also presented a resolution adopted by Blissville Unit, No. 727, the American Legion Auxiliary, Woodside, Long Island, protesting against the attitude of the National Economy League in respect to their proposal to reduce veterans' appropriations, which was referred to the Committee on Finance.

He also presented a resolution adopted by the Oswego (N. Y.) Harbor and Dock Commission, protesting against the proposed transfer of the jurisdiction of river and harbor work from the Corps of Engineers of the Army to the Department of the Interior, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the Young Men's Board of Trade, of New York City, N. Y., favoring the maintenance of a merchant marine adequate to serve the best interests of the Nation, which was referred to the Committee on Commerce.

He also presented a resolution adopted by the board of directors of the Washington Real Estate Board, District of Columbia, stating "in recognition of the reduced income of the renting public of the District of Columbia, it recommends to the members of the board that they cooperate with each other and with the owners of rental properties in the District of Columbia to continue their efforts toward the equalization of rents that may apparently be inconsistent with each other and to reduce the rents as far as may be done consistent with the emergency of the times in recognition of the civic obligation that rests upon every citizen in the District of Columbia," which was referred to the Committee on the District of Columbia.

RETRENCHMENT PROGRAM OF NATIONAL ECONOMY LEAGUE

Mr. HARRISON presented a resolution adopted by Curtis E. Pass Post, the American Legion, of Water Valley, Miss., which was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

Whereas the National Economy League and its affiliated organizations have been and now are spreading unjust propaganda against the patriots who bore arms in defense of their country during the World War; and

Whereas the above organization, in a cruel, inhuman manner, proposes to cut over four hundred and fifty millions from veterans' appropriations and thus destroy at one stroke of the pen a just and fair relief system that has been built up through the years; and

Whereas, if the objectives of this organization are attained, widespread despair, suffering, and want will come to many thousands of broken and handicapped men; and

Whereas millions of dollars will be taken from thousands of towns and cities, bring tragedy and ruin, if this cruel proposal prevails: Therefore be it

Resolved, That the Curtis E. Pass Post, American Legion, of Water Valley, Miss., go on record as being bitterly opposed to the program of the National Economy League, and that we call upon the Senate of the United States to support the present order and to refuse to vote for any measure that would mean a reduction in the amount now paid officers, nurses, and men of the World War.

Done in regular business session of the Curtis E. Pass Post, American Legion, at Water Valley, Miss., this the 2d day of January, 1933.

Official.

C. C. STACY, *Post Commander.*
J. A. KENNEDY, *Post Adjutant.*

REPORTS OF COMMITTEES

Mr. BORAH, from the Committee on Foreign Relations, reported a joint resolution (S. J. Res. 229) to prohibit the exportation of arms or munitions of war from the United States under certain conditions, which was read twice by its title.

Mr. SHORTRIDGE, from the Committee on Naval Affairs, to which were referred the following bills, reported them severally with an amendment and submitted reports thereon:

S. 3171. An act to authorize the disposition of the naval ordnance plant, South Charleston, W. Va., and for other purposes (Rept. No. 1031);

S. 4135. An act for the relief of Douglas B. Espy (Rept. No. 1035);

S. 4230. An act for the relief of Betty McBride (Rept. No. 1032);

H. R. 2844. An act for the relief of Elmo K. Gordon (Rept. No. 1033); and

H. R. 8120. An act for the relief of Jack C. Richardson (Rept. No. 1034).

Mr. SHORTRIDGE also, from the Committee on Naval Affairs, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 2374. An act to authorize and direct the Secretary of the Navy to convey by gift, to the city of Savannah, Ga., the naval radio station, the buildings, and apparatus located upon land owned by said city (Rept. No. 1036);

S. 4445. An act authorizing the President to transfer and appoint Lieut. (Junior Grade) Arnold R. Kline, United States Navy, to the rank of lieutenant (junior grade), Supply Corps, United States Navy (Rept. No. 1037);

S. 4480. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of the Woman's Club of the city of Paducah, Ky., the silver service in use on the U. S. S. *Paducah* (Rept. No. 1038);

H. R. 1225. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of the Campus Martius Memorial Museum, of the city of Marietta, Ohio, the silver service presented to the United States for the gunboat *Marietta* (Rept. No. 1039);

H. R. 5786. An act for the relief of Essie Fingar (Rept. No. 1040);

H. R. 6637. An act authorizing the President to present a medal of honor to Richmond Pearson Hobson (Rept. No. 1041); and

H. R. 7385. An act for the relief of Sidney Joseph Kent (Rept. No. 1042).

Mr. CAPPER, from the Committee on the District of Columbia, to which was referred the bill (S. 5289) to authorize the Commissioners of the District of Columbia to reappoint George N. Nicholson in the police department of said District, reported it without amendment and submitted a report (No. 1043) thereon.

Mr. DILL, from the Committee on Interstate Commerce, to which was recommitted the bill (H. R. 7716) to amend the radio act of 1927, approved February 23, 1927, as amended (U. S. C., Supp. V, title 47, ch. 4), and for other purposes, reported it with amendments and submitted a report (No. 1045) thereon.

Mr. WHITE, from the Committee on Claims, to which was referred the bill (H. R. 3033) for the relief of Ida E. Godfrey and others, reported it without amendment and submitted a report (No. 1046) thereon.

Mr. FRAZIER, from the Committee on Indian Affairs, to which was referred the bill (S. 5234) to authorize an appropriation to carry out the provisions of the act of May 3, 1928 (45 Stat. L. 484), reported it without amendment and submitted a report (No. 1044) thereon.

SURVEY OF INDIAN CONDITIONS

Mr. FRAZIER, from the Committee on Indian Affairs, submitted a partial report (pursuant to S. Res. 79, 70th Cong., and subsequent resolutions) on irrigation and reclamation on Indian lands; Indian reimbursable debts; financial credit for Indians, and allotment system within Indian irrigation projects, with recommendations, which was ordered to be printed as part 4 of Report No. 25.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. DALE:

A bill (S. 5379) granting an increase of pension to Addie Richardson (with accompanying papers); to the Committee on Pensions.

By Mr. FESS:

A bill (S. 5380) granting an increase of pension to William W. Donaldson (with an accompanying paper); to the Committee on Pensions.

By Mr. McNARY:

A bill (S. 5381) for the relief of J. S. Mattes; to the Committee on Claims.

A bill (S. 5382) providing for an exchange of lands between the Colonial Realty Co. and the United States, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. McGILL:

A bill (S. 5383) granting a pension to Bryan W. McMains; to the Committee on Pensions.

By Mr. CAREY:

A bill (S. 5384) granting an honorable discharge to Willard Heath Mitchell; to the Committee on Naval Affairs.

By Mr. SHORTRIDGE:

A bill (S. 5385) granting a pension to Erie A. May; to the Committee on Pensions.

By Mr. AUSTIN:

A bill (S. 5386) granting a pension to Grace Goodhue Coolidge; to the Committee on Pensions.

A bill (S. 5387) granting a franking privilege to Grace Goodhue Coolidge; to the Committee on Post Offices and Post Roads.

By Mr. COPELAND:

A bill (S. 5388) to authorize the payment of taxes and assessments on family dwellings in the District of Columbia in quarterly installments, and for other purposes; to the Committee on the District of Columbia.

A bill (S. 5389) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. ROBINSON of Arkansas:

A bill (S. 5390) to meet the existing emergency in the agricultural industry, to provide new capital for agricultural development, to refund existing farm mortgages so as to provide long-term loans at lower interest rates, to

permit the repurchase of foreclosed farm lands, to amend and supplement the Federal farm loan act, to provide methods for the unification of the Federal farm-loan system, and for other purposes; and

A bill (S. 5391) to amend sections 13 and 19 of the Federal farm loan act; to the Committee on Banking and Currency.

AMENDMENTS TO TREASURY AND POST OFFICE DEPARTMENTS APPROPRIATION BILL

Mr. KING submitted an amendment intended to be proposed by him to House bill 13520, the Treasury and Post Office Departments appropriation bill, which was ordered to lie on the table and to be printed, as follows:

Add an additional section to the bill, as follows:
"SEC. —. That none of the appropriations contained in this or any other act shall be available to pay the salary of any employee of the United States appointed after the date of this act to fill a vacancy created by the death, retirement, resignation, or discharge of a civil-service employee in any of the departments, independent establishments, boards, commissions, and/or other agencies in the executive branch of the Government until the number of civil-service employees on the date of this act in the department, independent establishment, board, commission, and/or other agency making the appointment shall have been reduced 25 per cent."

Mr. COOLIDGE submitted an amendment intended to be proposed by him to House bill 13520, the Treasury and Post Office Departments appropriation bill, which was ordered to lie on the table and to be printed, as follows:

On page 69, after line 24, to insert the following:
"Section 101 (b) is amended by striking out in the second proviso thereof the word 'five' and inserting in lieu thereof 'two,' so that the proviso as amended will read as follows: '*Provided further*, That no officer or employee shall, without his consent, be furloughed under this subsection for more than two days in any one calendar month.'"

Mr. JOHNSON submitted an amendment providing that all materials and supplies purchased by any department of the Federal Government, and all materials and supplies furnished by contractors doing work for the Federal Government, shall be produced within the limits of the United States, with certain exceptions, intended to be proposed by him to House bill 13520, the Treasury and Post Office Departments appropriation bill, which was ordered to lie on the table and to be printed.

FIRST DEFICIENCY APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 13975) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1933, and for other purposes.

The VICE PRESIDENT. The Chair is ready to rule on the point of order.

On January 7, 1929, the House was considering a general appropriation bill. An item providing for refunding taxes illegally collected was reached, identical, with the exception of the amount to be refunded, with the item in the present deficiency bill.

An amendment was offered by Mr. BYRNS, adding at the end of the item the following:

Provided, That no part of the appropriation herein shall be available for paying any tax refund in excess of $75,000 which has not been approved by the Joint Committee on Internal Revenue Taxation.

Mr. Anthony made a point of order against the amendment on the ground that the present law did not require the committee to approve, and the approval of the joint committee was contrary to existing law.

After some debate, the chairman [Mr. LEHLBACH] said:

It is a well-known rule of the House that amendments which limit expenditures of money appropriated for a general purpose by excluding some specific purpose embraced in the general purpose are in order, but the rule is clear that such limitation to be in order must simply forbid the use of the money for a certain given purpose. It is the rule that anything carrying an affirmative, substantive change in existing law, that limits the functions or jurisdiction of an executive officer so drastically as to constitute a change of policy, or that imposes upon a governmental agency new duties not imposed upon it by law, is beyond the definition of a limitation and is, therefore, not in order. (CONGRESSIONAL RECORD, January 7, 1929, pp. 1314, 1315.)

Section 3220 of the Revised Statutes, as amended, provides the method of refunding taxes illegally or erroneously collected. The pending amendment of the Senator from Tennessee [Mr. MCKELLAR] is in conflict with this section, and is therefore not in order. The Chair sustains the point of order.

The bill is open to amendment. The Senator from Tennessee [Mr. MCKELLAR] has a motion pending to suspend the rules. Does the Senator desire to take up that motion at this time?

Mr. MCKELLAR. Yes; I think we might as well do so. I am not going to discuss the matter again. I merely wish to say that under the proposed amendment——

Mr. LONG. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Louisiana?

Mr. MCKELLAR. I yield.

Mr. LONG. I just want to get the parliamentary status. Has this matter been taken up by unanimous consent? Have we laid aside the Glass banking bill temporarily?

The PRESIDENT pro tempore. Yes.

Mr. LONG. May I ask the Senator from Tennessee just what it is that he proposes to do? I want to get the matter straight again.

Mr. MCKELLAR. If the Senator will allow me to do so, I shall be glad to tell him and other Senators, too; but, of course, I can not talk while I am being interrupted.

I want to read the proposed amendment. On page 13, line 3, after the word "each," insert the following:

Provided further, That no part of this appropriation—

That is, the appropriation of $28,000,000 carried in the bill—

shall be expended for the payment of any claim until the same has been approved by the Board of Tax Appeals.

Mr. President, we have a Board of Tax Appeals which at this time is not a busy board. The board has plenty of time to pass upon these claims for refunds. If the claims are submitted to the board, every taxpayer in the land will have a fair, proper, open, and aboveboard chance to have his tax matters passed upon. It is a worthy tribunal. So far as I know, it is a perfectly honest tribunal. There is no reason in the world why any taxpayer in the United States can not get justice before that tribunal. That is all that any taxpayer ought to want, and certainly all that any taxpayer ought to have.

Now, let us compare that with the present system. Under the present law the taxpayer does not know whether he has a fair chance or not. He does not know who passes upon his claim. He does not even know by whom the committee is appointed, in the first place, or who constitute the committee, in the second place. He does not know whether or not the facts are presented to that committee. It is done in secret; it is passed on in secret; the money is virtually paid in secret. Therefore, under the present system, the taxpayer has not a fair and impartial chance to have a recovery.

Mr. FLETCHER. Mr. President——

Mr. MCKELLAR. I will yield in a moment. If the case is submitted to the Board of Tax Appeals, then the taxpayer's business and the Government's business are transacted in the open, and the taxpayer has every right that he could ask to be accorded to him. His business is not transacted in secret; it is transacted in the open; the case is handled by a tribunal of experts, and surely it seems to me that such proceedings ought to be followed.

Mr. FLETCHER. Mr. President, may I interrupt the Senator?

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Florida?

Mr. MCKELLAR. I yield to the Senator from Florida.

Mr. FLETCHER. I suppose in the case of these refunds the taxpayer was entirely satisfied with the action, and,

therefore, did not take any appeal. What about the Government? Has not the Government a right to appeal?

Mr. McKELLAR. Oh, no; the Government has no such right; that has been carefully guarded. For instance, suppose the Secretary of the Treasury objected to a refund because he thought it was improper or too large, or thought it was unwise, and wanted to appeal; he has said that he would not know of it until after the refund had been allowed. Suppose under those circumstances he wanted to appeal, he would have no right to appeal the case to the Tax Board; the Government has no right to take it to the Tax Board. It is only the taxpayer who has the right when a case is decided against him to take it to the Board of Tax Appeals.

Mr. FLETCHER. The Senator's amendment, as I understand, would give the Government the same right.

Mr. McKELLAR. It would require the taxpayer to submit any difference to the Board of Tax Appeals which has been set up by the Congress for the purpose of passing on such questions.

Mr. FLETCHER. I understand that position in a way, but, at the same time, I do not understand how it is that the Secretary of the Treasury accepts the report of subordinate officials allowing tax refunds without having the matter submitted to him.

Mr. McKELLAR. I am sorry I have not the testimony of Mr. Mellon, the testimony of Mr. Bond, the Assistant Secretary, the testimony of Mr. Blair, the Internal Revenue Commissioner at that time, and the testimony of a solicitor of the Treasury Department. The testimony of those gentlemen is all in the RECORD. I brought it to the attention of the Senate on a previous occasion, and I will refer to it again. All those gentlemen said that they did not have the time to pass upon these matters; that the checks were made out by some subordinate; they were sent up to their desks, and they approved them as a matter of course, without ever looking into the cases at all. That is the way the business of the Government is transacted.

Mr. FLETCHER. Then, the whole matter is determined by some officials in the service, and they decide that errors have been committed to the extent of millions of dollars about which nobody has any information except those who pass on the cases.

Mr. McKELLAR. Except those who pass upon the cases.

Mr. FLETCHER. Is not that a monstrous thing?

Mr. McKELLAR. I think it is the most monstrous thing I have ever known. I have been complaining of it here for nine years, but this is about the first time the Senate has ever really listened to me about it. I will say there was one other occasion they did, but ordinarily they just turn it down as a matter of course. They seem to have this kind of an idea: That by submitting these matters to the Board of Tax Appeals in some way we would take advantage of the taxpayers. That is not the purpose at all. It may be true that under the present system some particular-favored taxpayer has a better opportunity to get money out of the Treasury of the United States; I do not know how that is; but if we put it in the hands of the Board of Tax Appeals every taxpayer who has a just claim against the Government will have a right to go there and secure that to which he may be entitled. Now only the favored ones have the right to go and have mistakes corrected. So when we view the facts I want to say to the Senator—I do not believe he was here yesterday—and when we realize that $4,000,000,000 have been paid out in tax refunds and tax credits, which are exactly the same as cash, during the last nine years, the Senator can understand what an enormous subject it is. I venture to say that no other government under God's shining sun would permit to remain in force such a system as we now have.

Mr. FLETCHER. It seems as if it is an intolerable situation that the inspectors or whoever looks over the income-tax returns should come forward and admit that they had made mistakes to the extent of some $4,000,000,000.

Mr. McKELLAR. They not only admit it, they assert it, and not only assert it, but they have carefully prevented any amendment to the law which would either give the Government or the taxpayer a fair deal.

Mr. FLETCHER. I think the Senator is right about it.

Mr. McKELLAR. I thank the Senator.

Mr. SMOOT and Mr. TYDINGS addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Tennessee yield; and if so, to whom?

Mr. McKELLAR. I yield first to the Senator from Utah, who rose first, and then I will yield to the Senator from Maryland.

Mr. SMOOT. Mr. President, I wish to say to the Senator from Florida that most of these refunds come about because of taxes which were paid under jeopardy assessments in the early beginning of the income tax law. The time had elapsed within which the Government could investigate the accuracy of the returns, and therefore it placed jeopardy assessments against taxpayers, not knowing whether the tax so assessed was sufficient or whether it was twice or three times the amount which should properly be assessed. In the case of such jeopardy assessments, after investigation into the various cases by the proper authorities of the Government, where it was found that too great an assessment had been levied on which taxes were paid, refunds were ordered to the taxpayer. That is why the refunds have amounted to the sum indicated by the Senator.

Mr. FLETCHER. Does the Senator mean to say that in cases where the refunds have been made they do not represent taxes on regular income but penalty or jeopardy assessments?

Mr. SMOOT. They represent assessments made against the taxpayer without sufficient investigation on the part of the Government, which assessments were made in order to protect the Government against a time limit within which they had to act upon such claims.

Mr. McKELLAR. Mr. President, the proportion of the $4,000,000,000 that has been paid out because of jeopardy assessments will probably not amount to one one-hundredth part of the $4,000,000,000; in fact, I doubt if it will amount to one one-thousandth part of it. The jeopardy assessment is a mere smoke screen for the purpose of doing just what they have been able to get the Senate to do for the last nine years, namely, keep it all in the dark, keep it in secret, keep it in the Treasury Department and allow nothing to be disclosed to the American people except when the refunds are made. The course which has been pursued has resulted in depleting the Treasury. We are paying out from $100,000,000 to $300,000,000 every year in cash or credits on current taxes.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. TYDINGS. Does the Senator propose that every claim looking toward a refund shall be sent to the Board of Tax Appeals?

Mr. McKELLAR. I think it would be infinitely better than the present system. They have the force with which to investigate all such claims, and there is no reason why that should not be done. On one occasion I remember agreeing to a limitation of not exceeding $5,000. I would be perfectly willing, if the Senator wants an amendment to that effect, to have him offer it, and I will be glad to accept it; but I am pleading with the Senate for the very integrity of our Government. The idea of spending these enormous sums amounting to over $100,000,000 a year in times like these is monstrous, it is indefensible, it is wicked.

Mr. TYDINGS. I was going to say that without some limitations placed upon the claims which would go to the Board of Tax Appeals, there would be so much work put upon the board that the delay to the taxpayer who had been incorrectly assessed and taxed would be very injurious and harmful. It is going to take time to hear these claims, and if every one of them is going to be referred to the board, there will be a delay which will not be at all helpful.

I will say to the Senator that a great many taxpayers have had this experience: They have been assessed by the Federal Government; they have had to put up considerable sums of money or to hire attorneys, and after long and interminable hearings, they have finally won their cases but

have been put to tremendous expense in the meantime. The Senator and I heard of one such case only three days ago involving a Member of the Senate who had been at the head of a company before he came here. He had been assessed a considerable sum of money and had been compelled on five separate occasions to make a long trip all the way across the continent at his own expense in order to defend himself.

Mr. SMOOT. Mr. President——

Mr. McKELLAR. If the Senator will excuse me for just a moment until I answer what the Senator from Maryland has said, then I will yield. The business of tax refunds has become a great one. It is not merely a case of mistakes which should be corrected, but it has gotten to be a business, so that every taxpayer files a petition for a refund when he pays his taxes—that is the testimony that was given by the officials themselves—hoping that during the course of years there would be some decision about some refund that would enable him to secure a refund.

Mr. SMOOT. Mr. President——

Mr. McKELLAR. I will ask the Senator to wait a moment.

Mr. TYDINGS. Mr. President——

Mr. McKELLAR. I will yield to the Senator in a few moments. I want to say this: Whenever we come out in the open, whenever we do away with this secret refunding of the Government's money, whenever we agree to be fair and impartial and open about it, these claims for refunds are going to diminish in number or cease, and the business is going to be done away with.

Mr. NORRIS. Mr. President——

Mr. McKELLAR. If the Senator will wait a moment, I will yield to him after I have yielded to the Senator from Maryland.

Mr. TYDINGS. I should like to say to the Senator from Tennessee my recollection is that about 95 per cent of the sum of money of which he speaks, $4,000,000,000, is made up of claims in excess of probably $5,000.

Mr. McKELLAR. Oh, yes; that is true.

Mr. TYDINGS. I, therefore, would like to see the Senator put in a limitation in his amendment which would deal with the bulk of the money, and not multiply the number of claims for small amounts.

Mr. McKELLAR. If the Senator will draw such an amendment, with a limitation of $5,000, I will accept it.

Mr. SMOOT. Mr. President——

Mr. McKELLAR. Just a moment and I will yield. The prosecution of these claims has gotten to be a business. The tax-refund business is one of the greatest businesses in the country. Think of a business involving $4,000,000,000 in the course of nine years! Now I yield to the Senator from Utah.

Mr. SMOOT. Mr. President, I think the Senator misspoke himself when he said that the claims were filed by the taxpayer. The taxpayer makes out his tax return, but he does not make any claim for refund on the return made and sworn to by him. The only time that there is ever an assessment collected in any way, shape, or form is on the part of the Government asking that there be paid increased or additional taxes. That practice in the past has been followed under the law, and the assessments thus made have been called jeopardy assessments. The Senator, as I understood him, stated that all or most of these claims arose after the taxpayer had made his return and then asked for a rebate.

Mr. McKELLAR. Oh, no.

Mr. SMOOT. I do not think there is a case of that kind.

Mr. McKELLAR. The Senator misquotes me, unintentionally, of course.

Mr. SMOOT. Then I will ask the Senator to read his remarks in the RECORD.

Mr. McKELLAR. If I made the statement the Senator from Utah indicates, I made a mistake, or else the Senator has made a mistake; I do not know which. However, several witnesses before the committee testified that taxpayers, particularly business men who pay any considerable sums as income taxes, in order to be on the safe side, not knowing what ruling might be made, at the time of payment file claims for refunds in the event there should be a change of ruling later on. In other words, they make claims for refunds when they pay their taxes. Perhaps that is a very wise procedure; it certainly has been a very paying proposition to them, because I have served on the Appropriations Committee, and I know that we are not called upon to make just one appropriation for these refunds in a year. We invariably have two, and sometimes three, deficiency bills, because we appropriate the amount that is first estimated, which is always less than the amount which is ultimately paid back. We appropriate the estimated amount in the regular Treasury appropriation bill, and then when the first deficiency bill comes here, as in this case, $28,000,000 is asked, in addition, for claims that are to be paid between now and June.

I have no doubt that if we have a second deficiency bill before March there will be other claims for refunds. It is a great business. It is a paying business. The Government pays promptly. The Government pays well. It is all done in secret, and there you are.

Now I yield to the Senator from Nebraska.

Mr. NORRIS. Mr. President, I should like to ask the Senator a question.

As I understand this item, it will apply to all refunds made in the past, and also to all refunds in the next fiscal year.

Mr. McKELLAR. No. I wish it did, but it does not. This is an amendment——

Mr. NORRIS. I am not speaking of the Senator's amendment. I am speaking of the text of the bill.

Mr. McKELLAR. Oh, the text of the bill. Will the Senator read it? I have not it before me.

Mr. NORRIS. It reads as follows:

> Refunding taxes illegally or erroneously collected: For refunding taxes illegally or erroneously collected, as provided by law, including the payment of claims for the fiscal year 1933 and prior years, $28,000,000.

Mr. McKELLAR. That is right.

Mr. NORRIS. Am I right, then, in my understanding?

Mr. McKELLAR. The Senator is entirely right. By the way, let me say to the Senator that most of these claims, the great bulk of them, were paid out for the years 1917 and 1918.

Mr. NORRIS. I understand that.

Mr. McKELLAR. That is where the big business started.

Mr. NORRIS. But I want to ask the Senator about a claim that was not paid out or allowed then.

I noticed in the newspapers just a few days ago an item which stated that quite a large sum of money—I have forgotten how much, but several hundred thousand dollars, as I remember—was ordered to be paid as a refund to the estate of the father of the present Secretary of the Treasury. That would be included in the Senator's amendment?

Mr. McKELLAR. Oh, yes.

Mr. NORRIS. Will the Senator tell us just how that kind of a claim is handled?

Mr. LONG. Mr. President, this is a small matter to take up the time of the Senate to discuss—the payment of a few hundred thousand dollars to the father of the Secretary of the Treasury.

Mr. McKELLAR. I think that is usual. Perhaps the present Secretary of the Treasury got in the habit of doing it through his predecessor. It will be recalled that his predecessor, Mr. Mellon, and his various companies constantly received in every appropriation bill refunds of taxes.

Mr. NORRIS. That might have been; but while I do not know what the facts are, and I am trying to get them, I assume that the Secretary of the Treasury, probably one of the heirs of that particular estate, would have a direct interest in that refund.

Mr. McKELLAR. Perhaps he is a joint heir.

Mr. NORRIS. In that kind of a case, would the Secretary of the Treasury or his appointees pass on the refunding of that kind of a tax payment?

Mr. McKELLAR. His subordinates in his department would pass on it, and it would be handled entirely by them; and not only that, but it would be handled in secret. The only publicity about the matter is that after it is done a very short statement is issued, which oftentimes is wholly unintelligible.

Mr. NORRIS. This is not for that, as I understand. It has to be paid out of this appropriation?

Mr. McKELLAR. It has to be paid out of this appropriation.

Mr. LONG. Mr. President, has it not become an established practice for 10 or 12 years that the Secretary of the Treasury is included in these very fulsome rebates? That is more or less an established practice of the Government.

We are spending a great deal of time in arguing over the little, insignificant matter of the Secretary of the Treasury's paying to an estate a few hundred thousand dollars out of the Government Treasury. It seems to me that we are wasting time. It has been done for 10 years. Several millions of dollars have been paid by the predecessor of the present Secretary of the Treasury to his family estate, and to himself, and to his various companies. Why, now, should the Senator from Tennessee take up the time of the Senate in criticizing something that has become so established that we would not feel at home if it were not in this bill to-day?

Mr. McKELLAR. The Senator from Louisiana may feel at home when these enormous amounts of money are taken out of the Treasury of the United States, but I do not. I honestly and sincerely and truly believe in and subscribe to the old-fashioned doctrine that we are trustees for the American people; that we are especially trustees for the American taxpayers; and to see these vast sums, amounting to $4,000,000,000, taken out of the Treasury of the United States by subordinate employees of the Government, without any responsible official passing on them, to my mind is unjust and indefensible. This amendment of mine provides that it shall be done by a real commission or court designated for that purpose.

Mr. TYDINGS. Mr. President——

Mr. McKELLAR. I yield to the Senator from Maryland.

Mr. TYDINGS. May I point out to the Senator that in fixing a limitation upon the claims which shall go to the Board of Tax Appeals, in the case of a man living in San Francisco or Nebraska, if the amount of refund is small, the expense of coming here and prosecuting his claim would eat it all up. Therefore I have prepared an amendment, which I am about to read.

The present language of the Senator's amendment is:

> That no part of this appropriation shall be expended for the payment of any claim—

I have added these words: "Which is in excess of $5,000."

That would cover about 95 per cent of the refunds which have been made and would permit the individual taxpayer who would not be able to fight his case before the Board of Tax Appeals to prosecute his case as now provided. I think the limit ought to be $10,000, because the average corporation has received a refund of from $25,000 on up; and what we are after is these corporation refunds rather than the individual ones.

Mr. McKELLAR. I shall be very happy to accept the amendment offered by the Senator from Maryland, and I modify my amendment in that regard.

The PRESIDING OFFICER (Mr. AUSTIN in the chair). The Senator from Tennessee, the Chair believes, is out of order. His motion to suspend the rules so as to permit him to amend the pending bill is the question before the Senate, and the amendment can not be modified unless the rules are suspended and the matter is submitted to the Senate.

Mr. NORRIS. Mr. President, I was unable to hear the Chair. Did he hold that the amendment was out of order?

Mr. McKELLAR. The amendment can not be out of order. I have given notice of a motion to suspend the rules. It requires a two-thirds vote of the Senate to pass it, but I certainly am in order. I will say that I will accept the amendment when it is offered.

Mr. HARRISON. Mr. President, before the Chair rules I desire to make a suggestion and see if we can not get together on this matter.

In making the suggestion I want to say that, as one Member of this body, I am very grateful for the splendid fight that the distinguished Senator from Tennessee has made in the matter of these refund payments. He has spoken many times on the subject, and he has called it to the attention not only of this body but of the country, and I have no doubt that it has made the Treasury Department more careful and has saved some money.

I recall that some years ago—in 1926, I think—when this matter first came up in a deficiency bill, the Senator from Tennessee brought it to the attention of this body.

Mr. McKELLAR. I first brought it to the attention of the Senate in 1923.

Mr. HARRISON. Perhaps it was in 1923; but in 1926, if I recall correctly, at the instance of the Senator from Tennessee, there was written into the bill the provision of the present law that before these refunds should be made the matter should first be investigated and reported to the Joint Committee on Internal Revenue Taxation. The limit was fixed then at $75,000. It is my opinion that the limit was placed at too high a figure; and I hope, if it meets with the approval of the Senator from Tennessee, that the Senator in charge of the bill will agree to a reduction of that limit, whether a point of order might be sustained or not, because, as the Senator said—I did not hear his remarks yesterday, but I read them—he wants every legitimate refund to be made.

Mr. McKELLAR. Absolutely.

Mr. HARRISON. Every man who has paid illegally or overpaid to the Government his taxes is entitled to have them refunded, and refunded without further litigation in the courts or having to pay additional expenses of lawyers, and so forth, in order to secure the refund.

Mr. McKELLAR. Absolutely.

Mr. HARRISON. If this limit could be brought down, so that the Joint Committee on Internal Revenue Taxation should investigate and pass on those matters of $5,000 and up before the refunds could be made, it seems to me that that would be carrying out this principle in an orderly way.

Mr. McKELLAR. Just let me answer that, if the Senator please.

Mr. HARRISON. I hope the Senator will not answer me until I finish, because I notice from the RECORD that it was said yesterday that the Joint Committee on Internal Revenue Taxation did not look into these matters, had not performed any function with reference to them, and had not even given any consideration to these refunds. I desire to take issue with that statement.

Under the law the Joint Committee on Internal Revenue Taxation is made up of five Senators and five Members of the House. They have in charge of the joint committee Mr. Parker, a man in whom every one who has had any dealings with him has implicit confidence. I would rather trust his judgment and his power to investigate and the accuracy of his conclusions than those of any man on the Board of Tax Appeals. He has given to those of us who have had charge of revenue legislation the finest kind of advice, and his estimates have been more correct than those of the Secretary of the Treasury himself.

We have a force maintained for this purpose. I have attended several hearings since I have been a member of the joint committee. These matters have been laid before us; there come before the committee the experts from the Treasury Department; Mr. Parker presents the matter from the other angle if there is a conflict; and thus we get all the facts and pass upon the matter.

I have not been a member of the joint committee very long, because the membership rotates. The distinguished former Senator from North Carolina, Mr. Simmons, was a member of it, because of his ranking position on the Finance Committee, for a long number of years. Then I became a member of it by virtue of my membership on the commit-

tee, and then my colleague from Utah, the junior Senator from that State [Mr. KING], some months ago became a member of it.

It is quite true that the joint committee has not had any meeting recently, but it will have meetings. Every one of these matters of $75,000 and over, as the law now prescribes, will be investigated, is being investigated, and the Joint Committee on Internal Revenue Taxation will look into those particular matters.

I appreciate the fight that the Senator from Tennessee has made on this matter, and I hope he will permit the subject to go to the Joint Committee on Internal Revenue Taxation rather than to the Board of Tax Appeals, which now has on its calendar 16,000 cases and is very hard worked. This committee that is under the jurisdiction of the Congress will make these investigations, will make its reports, and the Congress then can act accordingly.

I hope the Senator will accept that suggestion, because we are all trying to get at the same thing, and that the Senator from Maine will agree to the proposition.

Mr. McKELLAR. Mr. President, I want to say, in answer to what the Senator from Mississippi has said, that the Joint Committee on Internal Revenue Taxation, so-called, consisting of five Senators from the Finance Committee of the Senate, and five Representatives from the Ways and Means Committee of the House, has been in existence since 1926, and under the administration of that committee not one single solitary cent has ever been saved to the American Treasury.

Mr. HARRISON. Mr. President——

Mr. McKELLAR. Wait one moment.

Mr. HARRISON. The Senator makes a statement, and he will certainly give me an opportunity, as one member of that committee, to say whether it is accurate or not. I know the Senator states what he believes to be correct, but I say, on the contrary, that that committee within the last three years has saved more than $1,000,000 to the taxpayers in this matter. I leave it to the chairman of the Joint Committee on Internal Revenue Taxation, who is in a position to know, who maintains an office, and looks over these applications for refunds, and investigates them. We have a force here to look into the matter.

Mr. McKELLAR. I will ask the Senator this question, Has the Senator ever passed personally on any one particular claim?

Mr. HARRISON. Yes.

Mr. McKELLAR. What one? Name it.

Mr. HARRISON. There was a case with reference to the sugar interests in Hawaii which I know we investigated very thoroughly. Of course, we had to take the suggestions and the report, in the Joint Committee on Internal Revenue Taxation, of the man we had placed in charge.

Mr. McKELLAR. Was there any other case?

Mr. HARRISON. Yes; there have been several cases. I do not recall them all now, but I know that quite at length they were presented to us. I will say that, so far as I am concerned, I have no pride in that particular committee; and I am perfectly willing, and I am sure those of us on that committee would be willing, to leave the handling of these matters to the ranking members of the Committee on Appropriations of the Senate.

The thing I wanted to impress on the Senator was that they are investigating. We have a most competent man, a man whom I would very much dislike to see give up his position on the Joint Committee on Internal Revenue Taxation, and go on the Board of Tax Appeals, a man whose opinion I would take much quicker than that of any member of that board.

Mr. HALE. Mr. President, will the Senator from Tennessee yield to me?

Mr. McKELLAR. In just one moment. I want to say to the Senator from Mississippi, and to other Senators, that Mr. Parker, who is, as I said yesterday, in the employ of this committee, is a most excellent gentleman, a most efficient man; but he has no power under the law that would enable him to say whether or not a claim was just or fair, or dishonest or corrupt. It is just a blind, so to speak—and I do not mean in an improper way—it is just a blind to refer the matters to the legislative committee. The legislative committee does not actually pass on the cases, it has not the time to do so; it is not its business to do so, except as directed by the statute, and the statute gives it no real power over the matter.

Let us assume for a moment that my estimate of the saving of 1 cent is wrong and that the estimate of the Senator from Mississippi of the saving of $1,000,000 is correct. What is $1,000,000 in comparison with $4,000,000,000 in the last nine years? One million dollars is not a drop in the bucket.

Mr. Parker's name has been brought into the debate. I have the same high estimate of Mr. Parker, the chief of staff of the Joint Committee on Internal Revenue Taxation, that the Senator from Mississippi has. I know him well. He is a fine man. But give him power if we are to impose a duty upon him. He has no power to go into these matters and determine the cases or to change a single figure. He has no power to do it.

I would join the Senator from Mississippi, if Mr. Parker is a Democrat, and urge his appointment as a member of the Board of Tax Appeals, having particular views about these things, to show the Senator how I feel toward Mr. Parker, what confidence I have in him. But the system is wrong. We have operated under this system for six years, under this Joint Committee on Internal Revenue Taxation, with no saving, and we ought to have some savings. We ought to have this matter investigated in the open, these judgments should be arrived at in the open, and there is no better way in the world than to put the matter into the hands of the Board of Tax Appeals. I hope the Senate will agree to this amendment, because I can not see why the Government's right should not be protected, and why the taxpayers' rights should not be protected.

Mr. HALE and Mr. SMOOT addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Tennessee yield; and if so, to whom?

Mr. McKELLAR. I yield to the Senator from Maine.

Mr. HALE. Has the Senator concluded his remarks?

Mr. McKELLAR. I decline to yield. I will yield to the Senator from Utah.

Mr. HALE. Mr. President, I would like to ask the Senator——

Mr. McKELLAR. I thank the Senator very much, but I yield to the Senator from Utah.

Mr. SMOOT. Mr. President, I hold in my hand the report of the Joint Committee on Internal Revenue Taxation on refunds and credits of internal-revenue taxes. This is for 1930, and every year there has been a report of about the same size, sometimes the report being larger, giving the details of every single, solitary refund that has been made.

Mr. McKELLAR. Does it show the savings to the Government?

Mr. SMOOT. Yes. I will take one of them up now. This is the report as to the United States Steel Corporation, to which the Senator has referred. Let us see what happened this year.

Mr. McKELLAR. Oh, no; let us take them up for 1929.

Mr. SMOOT. We can take any year. I have only the report for two years before me.

Mr. McKELLAR. Very well; the Senator may take any one he desires to.

Mr. SMOOT. I can show the facts for every year. This report states:

> This allowance was the subject of discussion before the Select Senate Committee Investigating the Bureau of Internal Revenue in 1925. The commissioner thereafter ordered a redetermination of the allowance to be made. The report of the commissioner to the committee in 1930 fixed the allowance at $48,136,472.98, which represented a reduction of about $7,000,000 over the allowance first agreed on. Careful investigation of the allowance was made by the staff, and objection was made to the determination made in the case of the McDonald plant of the Carnegie Steel Corporation. After discussion, the bureau and the taxpayer agreed that this allowance should be reduced by $315,322.07. This reduction was in favor of the Government to the extent of about $250,000 in tax plus interest of about $125,000, making a total saving of $375,000.

The issue in respect to the elimination of intercompany profits for both income and excess-profits tax purposes was thoroughly discussed before the committee. The rule followed was based upon bureau rulings. The staff developed arguments attempting to show that these rulings were in error, and a subsequent decision of the United States Court of Claims in April, 1930 (Packard Motor Car Co. *v.* U. S. 39 Fed. 2d, 991), would indicate that the position of the staff was correct.

It goes on and tells what was refunded in 1930, and every year there has been some refund of taxes passed on by this committee.

Mr. FLETCHER. What is the cause of all the errors?

Mr. SMOOT. The errors arise from the fact that the taxpayer makes his report out and pays a tax which he thinks is right, then the Government finds it is not correct, and the case is appealed. The Joint Committee on Internal Revenue Taxation passes upon every case where the company has paid to the Government of the United States an amount of $75,000 or more in excess of its true tax liability.

Mr. McKELLAR. Mr. President, I am greatly obliged to the Senator.

Mr. SMOOT. I can go on and state the cases for year after year.

Mr. McKELLAR. I want to take this one up first.

Mr. SMOOT. Very well.

Mr. McKELLAR. I am much obliged to the Senator for calling my attention to Case No. 16, United States Steel Corporation and subsidiaries.

Let it be remembered that this corporation was paid $59,000,000 in the December preceding this case for a mistake committed. Think of the United States Steel Corporation making a mistake of $59,000,000 in the way of an overpayment in the year 1917, and right along comes this claim for 1918, and I will read from the report:

The total overassessments shown in the original report covering the taxable years 1918, 1919, and 1920 amounted to $21,555,357.89 without interest.

They did not cover the one for 1917. They had just been paid $59,000,000 for that. The report states:

The total overassessments shown in the original report covering the taxable years 1918, 1919, and 1920 amounted to $21,555,357.89 without interest. (Interest originally estimated at $12,000,000.) The final allowance made after the expiration of the 30-day period prescribed by law was $21,098,382.14 plus interest of $11,112,960.90. The reduction in the final allowance over the original amount tentatively proposed amounted to $456,975.75 plus an undetermined amount of interest. This reduction was due to two causes—first, final computations of the audit division of the bureau; and second, a correction in the amortization allowance made by the department on the basis of an objection raised by the staff of the joint committee.

This overassessment with interest ($32,668,318.79) is the largest single case which has ever been reported to the committee. The second largest case reported to the committee involved an overassessment to the same taxpayer for the year 1917, which amounted to $25,856,361.14, including interest.

That interest, as I remember, was about the sum of $9,000,000.

This refund for 1917 was described in our first report on refunds and credits.

This is just a description of what the department has done. It is not a change of these amounts, but these enormous amounts were paid out in cash; and after they were paid out in cash, in addition to the amounts paid out in cash, were credits on current taxes, one of them for 1917 amounting to $59,000,000.

Mr. LONG. Mr. President, I would like to ask the Senator one question.

Mr. McKELLAR. I yield.

Mr. LONG. Does not the Senator think where the head of a department is paying out to an estate in which he is concerned a sum of money amounting to hundreds of thousands of dollars Congress should authorize such an enormous expenditure by the department over which he is the head? Would the Senator just let that go along as it is?

Mr. McKELLAR. Mr. President, I have argued that so often on this floor before the Senator came to the Senate that I imagine other Senators are rather tired of hearing about it. I will just give the Senator my view about it. I remember some years ago there was a Member of this body by the name of Peter G. Gerry, a Senator from Rhode Island, who was a very rich man. The incident to which I am about to refer occurred during the World War. Senator Gerry had a yacht which, I think, cost him $250,000, and he wanted to give that yacht to the Government for use during the war—just wanted to give it to the Government. We had to pass a bill, if I remember correctly—and I think I do—in order to let Senator Gerry make a gift of a $250,000 steam yacht to his own Government. But all during the last 12 years the Secretary of the Treasury, first Mr. Mellon, has been getting refunds from his own department for himself and for his numerous corporations all along the line. I think that is immoral. I have said so a hundred times on this floor, and I repeat it. I regard it as immoral and think it ought not to be allowed by any legislative body in the world.

Mr. LONG. Mr. President, if it was immoral 2 or 3 or 4 or 5 years ago when the Senator first referred to it, it is immoral to-day, and why do we not start now to correct that practice?

Mr. McKELLAR. If the Senator will permit me, that is exactly what I am trying to do. If the Senator will vote for the amendment I have offered it will help. That is precisely what I propose to do. I do not think the Secretary of the Treasury or any other official of the Government has the right to deal with these matters as an individual on one side and as a representative of the Government on the other side.

Mr. President, I think the facts are before the Senate, and I submit the motion to the Senate for its consideration.

Mr. HALE obtained the floor.

Mr. LONG. Mr. President, what is now before the Senate, so I may understand the situation clearly?

Mr. HALE. The motion of the Senator from Tennessee.

Mr. LONG. The motion to suspend the rules so we can consider the amendment of the Senator from Tennessee?

Mr. McKELLAR. That is true.

Mr. LONG. It takes a two-thirds vote to suspend the rules?

Mr. HALE. That is correct.

Mr. LONG. It seems to me only fair, inasmuch as we have yielded unanimous consent in order that the matter might be discussed, that we should allow the Senator from Tennessee to have the right to offer his amendment and let it be discussed. It seems fair to me, inasmuch as we have yielded to unanimous consent, that the Senator from Tennessee should be allowed to have the right to offer his amendment.

Mr. McKELLAR. Why not ask unanimous consent for that purpose?

Mr. LONG. I do not have to ask unanimous consent. A two-thirds vote will do it; but inasmuch as the whole proceeding is being conducted under the very generous consent of those of us who are in very much of a hurry to discuss another bill, I am sure a similar indulgence will be granted by the Senator from Maine. In other words, I think the Senator from Tennessee ought to be allowed to offer his amendment. I think the Treasury Department, if it were consulted, would want the question heard by the Senate.

These tax refunds of $28,000,000 are two times as much as the debt payment France failed to make the other day about which we have had so much hoorah and discussion—fourteen little miserable millions of dollars—and yet we are appropriating $28,000,000, and the Senators from Illinois, Nebraska, Tennessee and other States tell us that some $500,000 of that money represents a refund that goes to a family estate in which the Secretary of the Treasury of the United States is interested. Let us deal in good faith with this question. It is supposed to be——

Mr. HALE. Mr. President, I thought I had the floor.

The VICE PRESIDENT. The present occupant of the chair was not in the chair until a moment ago and does not know who really had the floor. If the Senator from Maine had the floor, he will be protected.

Mr. HALE. I had the floor.

Mr. LONG. That is not my understanding, but it is all right with me. If the Senator wants the floor, let him go ahead.

The VICE PRESIDENT. The Senator from Maine is recognized.

Mr. HALE. Mr. President, in view of the fact that the Senator from Tennessee [Mr. McKELLAR] has pursued the regular course and moved to suspend the rules, we would better have a vote to determine whether the rule shall be suspended. I would like to say a word about the matter before we take the vote.

Last night I explained the procedure whereby tax refunds are dealt with by the Government. Briefly it is as follows: A field agent of the bureau makes investigations throughout the field. When he comes to a case where he thinks too much money has been paid to the Government, he takes the matter up with the board of review in the field. The board of review in the field, if it approves the recommendation of the field agent, then reports the case to Washington. When it gets to Washington, it is audited by an auditor or by one or more auditors of the department. That audit is subject to review in the department. In all cases involving more than $20,000 the case, after it has been reviewed in the auditing department, goes to the general counsel of the department. If approved by him, it goes to the commissioner.

In cases involving $75,000 or more, in addition to this, the cases are sent by the department to the Joint Committee of Congress on Internal Revenue Taxation and are considered by that committee. Some question has been raised as to the work of that joint committee. I have here the report of the committee for 1930 submitted to Congress in due process of law by L. H. Parker, chief of staff of the joint committee. Let me read from it briefly:

Refunds and credits of internal revenue taxes in excess of $75,000 have been reported to the Joint Committee on Internal Revenue Taxation by the commissioner since February 28, 1927, with the exception of the period from April 25, 1928, to May 29, 1928. These reports were first required under the first deficiency act, 1927. (H. R. 16462, February 28, 1927, c. 226, 44 Stat. 1254). This act contained the following provision:

"Refunding taxes illegally collected: For refunding taxes illegally collected under the provisions of sections 3220 and 3689, Revised Statutes, as amended by the revenue acts of 1918, 1921, 1924, and 1926, including the payment of claims for the fiscal year 1928 and prior years, $175,000,000, to remain available until June 30, 1928: *Provided*, That no part of this appropriation shall be available for paying any claim allowed in excess of $75,000 until after the expiration of 60 days from the date upon which a report giving the name of the person to whom the refund is to be made, the amount of the refund, and a summary of the facts and the decision of the Commissioner of Internal Revenue is submitted to the Joint Committee on Internal Revenue Taxation."

No reports were required in the first deficiency act, 1928 (December 22, 1927, c. 5, 45 Stat. 30), or in the Treasury appropriation act of March 5, 1928 (c. 126, 45 Stat. 162). But the revenue act of 1928, in section 710, specifically required the commissioner to make such reports to the joint committee. Section 710 of the revenue act of 1928 reads as follows:

"SEC. 710. Refunds and credits to be referred to joint committee: No refund or credit of any income, war-profits, estate, or gift tax, in excess of $75,000, shall be made after the enactment of this act, until after the expiration of 30 days from the date upon which a report giving the name of the person to whom the refund or credit is to be made, the amount of such refund or credit, and a summary of the facts and the decision of the Commissioner of Internal Revenue is submitted to the Joint Committee on Internal Revenue Taxation. A report to Congress shall be made annually by such committee of such refunds and credits, including the names of all persons and corporations, to whom amounts are credited or payments are made, together with the amounts credited or paid to each."

I am now reading from the report for the year 1930.

The report then goes on to deal with the matter, and I ask that the remainder of it be inserted in full in the RECORD.

The VICE PRESIDENT. Without objection, that order will be made.

The remainder of the report is as follows:

As the revenue act of 1928 was not enacted until May 29, 1928, and as the appropriation under the first deficiency act, 1927, became exhausted on April 25, 1928, the commissioner did not report to the joint committee any credits or refunds made during the period April 25, 1928, to May 29, 1928. The first report submitted to Congress (H. Doc. 43, 71st Cong., 1st sess.) under the revenue act of 1928 covered the 7-month period from May 29, 1928, to December 31, 1928. However, there was included in this report an analysis of the refunds made during the 14-month period February 28, 1927, to April 24, 1928, and reported to the committee pursuant to the first deficiency act, 1927. The second report on refunds and credits was made by the joint committee to Congress on June 20, 1930. This report (H. Doc. 478, 71st Cong., 2d sess.) covered all refunds and credits in excess of $75,000 reported to the joint committee by the commissioner during the calendar year 1929. The report now submitted constitutes the third report and embraces the refunds and credits in excess of $75,000 reported by the commissioner to the committee during the calendar year 1930.

There has been no change in the policy of the committee as to its functions with respect to its examination of refunds and credits since the publication of the first report. In the first report the intent of Congress in requiring such examination was analyzed as follows:

First. It appeared to be the purpose that the joint committee should inform the Congress not only as to the amounts of the refunds and credits over $75,000 but also as to the principal causes of such repayments.

Second. It appeared to be the purpose that the joint committee and its staff should study these cases in order to inform themselves as to the practical operation and effect of our internal-revenue system of taxation.

Third. It appeared to be the purpose that the joint committee, or its authorized agents, should call to the attention of the Bureau of Internal Revenue any final tax determinations resulting in refunds or credits which might seem erroneous, or doubtful, or worthy of further investigation and review.

The above-named purposes have been carefully kept in mind during the entire period during which refunds and credits have been submitted to the committee. It has been recognized, however, that the committee has no actual power of approval or disapproval of these refund cases.

SUMMARY

This report is divided into three parts:

Part I consists of a list of refunds and credits in excess of $75,000 allowed in the calendar year 1930, which list is required to be reported to the Congress under section 710 of the revenue act of 1928.

Part II contains an analysis of overassessments. This analysis shows the total amounts of the overassessments and the principal causes for their allowance. There is also contained in Part II a brief résumé of each case, alphabetically arranged. An analysis of these overassessments has also been prepared by the Treasury Department and is included as a supplement to Part II.

Part III consists of a general survey of the overassessment situation, including a discussion of certain specific cases.

The most important facts and conclusions presented in the report are summarized as follows:

1. The total overassessments, including interest, allowed during the calendar year 1930 in cases involving refunds and credits over $75,000 amounted to $97,503,653.36. The rate of overassessment was, therefore, $8,125,304 per month. This rate was 29 per cent greater than the rate shown in the report for the calendar year 1929 but is 24 per cent less than the rate shown in the report for the 21-month period from February, 1927, to December, 1928. The increase in the rate of overassessments for 1930 is more apparent than real. In 1930 an estate tax assessed against the Payne Whitney estate was abated in an amount in excess of $16,000,000. This abatement was granted pursuant to the 80 per cent credit allowed under the Federal estate tax for estate and inheritance taxes paid to the States, which taxes could not be ascertained at the time the Federal estate tax return was made. The part of the tax abated was never paid and was known not to have been due when it was assessed.

2. The true picture of the situation in 1930 may be shown by comparing the monthly rates at which credits and refunds have been made in that year with previous years. Credits and refunds directly affect the revenue whereas abatements represent merely the elimination of an incorrect charge on the books of the Government. For the period from February, 1927, to December, 1928, the average monthly rate at which taxes were refunded and credited amounted to $6,945,717. For the calendar year 1929 this rate was $4,514,387, and for the calendar year 1930 the rate was $4,571,011. Thus, the rate for the calendar year 1929 decreased 35 per cent over the preceding period, while the rate for 1930 increased about 1 per cent over that for 1929. A conclusion that refunds and credits for 1930 indicated no downward trend is unwarranted due to the fact that in 1930 a refund and credit in the amount of $21,098,382 was granted to the United States Steel Corporation. This refund and credit represented nearly 40 per cent of all refunds and credits allowed for the calendar year 1930.

3. Cash refunds reported in excess of $75,000 amounted to only $27,174,872 in 1930, in comparison with cash refunds of $38,203,522 in 1929. This shows a decrease in rate of about 29 per cent.

4. The principal causes of the 1930 overassessments are as follows:

	Per cent
Estate tax	24
Invested capital	15
Amortization	14
Depreciation	7

Of these causes, the first three are disproportionately large on account of the abnormal allowances to the Payne Whitney estate and the United States Steel Corporation already mentioned. In the future it is probable that depreciation will constitute the most

frequent basis for refunds. The taxes for the excess-profits tax years 1917–1921, inclusive, are rapidly being settled. This is shown by the following comparative table:

Per cent of total overassessment for the excess-profits tax years

14-month period, Feb. 28, 1927–Apr. 24, 1928	88
7-month period, May 29, 1928–Dec. 31, 1928	77
12-month period, Jan. 1, 1929–Dec. 31, 1929	71
12-month period, Jan. 1, 1930–Dec. 31, 1930	59

5. In the majority of cases the refunds and credits reported by the commissioner have not been open to serious criticism. Differences of opinion have, however, arisen in disposing of some of the excess-profits tax cases which have long been pending. In such cases the points in controversy have been discussed and reviewed with the department. During the calendar year 1930, 125 cases were reported to the committee. Serious controversy arose in only nine of these cases. The cooperation of the department is shown by the following facts with respect to the disposition of these nine cases:

Two cases were changed to conform with the views of the staff of the committee.

Two cases were withheld pending further review.

Two cases were not changed as to the years in question, but the basis for future years was corrected.

Three cases were not changed in any respect.

The net result of the changes is a saving of approximately $400,000 in favor of the Government. This saving is less than one-half of 1 per cent of the total overassessments allowed, but is sufficient to justify the expense of the committee examination, which amounts to only 5 per cent of the savings effected.

Mr. HALE. Section 5 of the report reads as follows:

In the majority of cases the refunds and credits reported by the commissioner have not been open to serious criticism. Differences of opinion have, however, arisen in disposing of some of the excess-profits tax cases which have long been pending. In such cases the points in controversy have been discussed and reviewed with the department. During the calendar year 1930 125 cases were reported to the committee. Serious controversy arose in only nine of these cases. The cooperation of the department is shown by the following facts with respect to the disposition of these nine cases:

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The net result of the changes is a saving of approximately $400,000 in favor of the Government. This saving is less than one-half of 1 per cent of the total overassessment allowed, but is sufficient to justify the expense of the committee examination, which amounts to only 5 per cent of the savings effected.

From these data which I have given it appears that a very strenuous examination is made of all refunds by the Treasury Department before it submits any cases to the Joint Committee on Internal Revenue Taxation.

The report I have just read indicates that all of the cases which are sent to the joint committee are examined into thoroughly by them. They take up each case in connection with the department where any question arises.

The statement has been made—and I think I made it myself last night—that the refunds since 1917 amount to about $4,000,000,000. As a matter of fact, the actual refunds amount to about $1,450,000,000, and the balance of $2,550,000,000 is included in abatements that have been made; that is, reductions that have been made by the department before the taxes have been paid by the taxpayers. Together they amount to about $4,000,000,000. As I said last night, the $4,000,000,000 is $2,000,000,000 less than the Government has collected through its field investigations of deficiency taxes paid by the taxpayers, so the Government comes out net about $2,000,000,000 ahead on the results of these examinations.

Mr. WALSH of Massachusetts. Mr. President——

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from Massachusetts?

Mr. HALE. I yield.

Mr. WALSH of Massachusetts. May I inquire of the Senator if I am correct in my understanding of the issue that is now before us? The final tribunal under existing law that considers and passes final judgment upon claims for rebatement of taxes is the Joint Committee on Internal Revenue Taxation?

Mr. HALE. The statute does not provide that any action shall be taken by that committee, but it provides that claims can not be paid until report has been made to them and held by them 30 days.

Mr. WALSH of Massachusetts. In other words, there is the right of review and the right of objecting to any awards in the way of rebate of internal revenue by that joint committee?

Mr. McKELLAR. Oh, no, Mr. President; the act does not provide any such thing at all.

Mr. HALE. It provides for no action to be taken by that committee.

Mr. WALSH of Massachusetts. May I ask the Senator, then, what official or commission of the Federal Government has final jurisdiction in determining whether there shall be payment of a rebate to the taxpayer?

Mr. HALE. The Commissioner of Internal Revenue, but, of course, it must be called to the attention of the joint committee. The joint committee itself can not take any action.

Mr. WALSH of Massachusetts. He has authority in amounts of less than $75,000, but in cases in excess of that amount he must call the matter to the attention of the joint committee, and unless they take some action within 30 days the Internal Revenue Commissioner feels that he has authority to authorize the payment?

Mr. HALE. That is correct.

Mr. WALSH of Massachusetts. With that arrangement, the Senator from Tennessee [Mr. McKELLAR] is dissatisfied. He and others claim that the interest of the Treasury has not been sufficiently protected and that in his judgment there has been a carelessness and looseness in the awarding of rebates. He proposes now to transfer the authority for final adjudication of claims by taxpayers for refunds to the Board of Tax Appeals. Have I correctly defined the issue before the Senate?

Mr. HALE. I think so, as I understand the question.

Mr. SMOOT. Mr. President——

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from Utah?

Mr. HALE. I have not completed my statement. I should like to finish my statement, I will say to the Senator from Utah.

Mr. SMOOT. I am very sorry that I interrupted the Senator.

Mr. HALE. If the Senator wishes to ask a question, I am willing to yield.

Mr. SMOOT. I merely wanted to say a word in response to the Senator from Massachusetts.

Mr. HALE. Mr. President, the McKellar amendment before it was modified by the amendment of the Senator from Maryland [Mr. TYDINGS] provided, as I understand it, that no refunds may be made without the approval of the Board of Tax Appeals. The amendment of the Senator from Maryland provides that this shall apply only to cases involving $5,000 or more. Am I correct in that?

Mr. McKELLAR. I accepted the modification proposed by the Senator from Maryland.

Mr. HALE. That modification has been accepted.

The VICE PRESIDENT. The Chair will state that the amendment of the Senator from Tennessee can not be modified until the pending question has been disposed of. The amendment of the Senator from Tennessee is not as yet before the Senate.

Mr. McKELLAR. I understand that, but if the Senate votes to allow my amendment to be considered, in other words, if the rule shall be suspended, then I am going to accept the modification offered by the Senator from Maryland, and the Senator from Maine may proceed on that theory.

Mr. HALE. Very well.

Mr. President, the Board of Tax Appeals has now before it, on its docket, 16,815 cases involving $600,000,000 that have not yet been heard. Those are cases of deficiencies in payments by the taxpayers to the Government, and are, of course, not refunds. Already during the past year 47,666 applications for refunds involving $265,000,000 have been

filed with the department. Last year the department settled more than 132,000 applications for refunds. What I should like the Senate to understand is that it is physically impossible for the Board of Tax Appeals, with 16,815 cases waiting on its docket, to take up all refund cases. Of course, if a limitation of $5,000 should be provided there would be fewer cases, but, in any event, there would unquestionably be thousands of cases that would have to be heard before that board; in other words, where we now appropriate $560,000 for the Board of Tax Appeals, which includes salaries and printing, we would probably have to increase that amount very greatly in order to carry out the provision of the amendment of the Senator from Tennessee, even if amended. Furthermore——

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from Louisiana?

Mr. HALE. I yield.

Mr. LONG. I am only undertaking to shorten the discussion, and I hope the Senator will not object. I am simply undertaking to accomplish his purpose. Much of what the Senator is saying is what would be said in the consideration of the amendment; but we are not now saving any time. Why not just have it understood that we are considering the amendment itself just as much as if it were actually before us?

Mr. HALE. I have already stated that I wanted to follow the regular course and let the Senator bring up his motion and have a vote on it.

Mr. McKELLAR. Mr. President, if the Senator will yield, I should like to make a statement.

Mr. HALE. Mr. President, I have the floor and have not completed my statement.

The VICE PRESIDENT. The Senator from Maine declines to yield.

Mr. McKELLAR. Very well.

Mr. HALE. Furthermore, Mr. President——

Mr. McKELLAR. I demand the regular order, Mr. President.

The VICE PRESIDENT. The Senator from Maine has the floor.

Mr. McNARY. Mr. President, will the Senator from Maine yield to me for a moment?

Mr. HALE. I yield.

Mr. McNARY. It is highly desirable to finish this bill to-night. It is needed as a matter of relief, and the funds it provides are most desired for use in the District of Columbia. If the Senator from Tennessee demands the regular order, of course, the banking bill comes back before the Senate.

Mr. McKELLAR. I know that.

Mr. HALE. I hope the Senator will not do that.

Mr. McNARY. And that will prevent the Senate from acting on the bill now pending. Will not the Senator do this——

Mr. McKELLAR. I should like to do anything in the world that the Senator from Oregon desires, but I want to say this to the Senator from Oregon: I offered this amendment; a point of order was made against it yesterday, and I am going to ask unanimous consent to suspend the rules so that the amendment may be considered and voted on by the Senate. Unless such unanimous consent is granted, I am going to ask for the regular order and let the banking bill come back before the Senate.

Mr. McNARY. Of course, the Senator has a formula that probably suits his purpose, and he is in a position to carry it out if he so desires.

Mr. McKELLAR. Of course I am; I think I am entitled to a vote on this question, and that is why I am going to insist upon it.

Mr. McNARY. I think the Senator from Tennessee and any other Senator is entitled to a vote, but I plead with the Senator to let us proceed with this bill until we may obtain a final vote.

Mr. McKELLAR. So far as I am concerned, I will be delighted if we can vote on it. If the Senator from Maine will yield to me, which I asked him to do a moment ago and he refused, I want to ask unanimous consent that the rule may be considered as suspended and that we may vote on this question. I am ready for a vote on it right now.

Mr. McNARY. I think the Senator from Maine will conclude his remarks in a few moments, and then the Senator from Tennessee can submit his request.

Mr. LONG. Mr. President, if the Senator will yield, I inquire what is the parliamentary status?

The VICE PRESIDENT. The Senator from Maine did not yield to the Senator from Tennessee to demand the regular order. The Senator from Maine still has the floor.

Mr. LONG. Mr. President, will the Senator yield to me for just a moment?

Mr. HALE. I yield for a question.

Mr. LONG. I see we are going to get in an impasse here. It is very evident that the Senator from Tennessee feels offended, and not without considerable justification. I am hoping to get a speedy disposition of the bill, but we seem to have come to the point where the Senator from Tennessee, having given his own consent to having the pending bill come up out of order, naturally feels that he should be granted some measure of indulgence so that the amendment may be considered. As I have said, it seems to me we are reaching an impasse, and I really think we are just losing time and might as well go back to the banking bill and hasten along with the Senate's business.

Mr. COUZENS. Mr. President, I insist that the rule be observed and that the occupant of the floor not yield for a speech.

The VICE PRESIDENT. The Senator from Michigan objects to the Senator from Maine yielding for anything except a question. The Senator from Maine will proceed.

Mr. HALE. Mr. President, before I conclude I should like to say further that haste in the settlement of claims for refunds saves money for the Government. At the present time the Treasury is obtaining money on short-term notes for something like seventy-five one-hundredths of 1 per cent, while the rate it has to pay on refunds is 4 per cent. Inevitably, if all claims for refunds, or all the claims involving refunds of over $5,000, have to go before the Board of Tax Appeals there will be a very considerable delay in settling them, because before the Board of Tax Appeals not only the Government but the taxpayers themselves will want to be heard, and it will result in very considerable increase in cost to the Government on account of the cases that may be delayed.

Personally I feel that the utmost care is taken in the Treasury Department at the present time to protect the interests of the Government in paying refunds. I feel that the joint commission of Congress does a very valuable work in connection with the cases that are submitted to it, and I do not think it would improve conditions in any way if the Board of Tax Appeals were given jurisdiction. I am sure that if that were done it would involve very great expense to the Government and I doubt if there would be any improvement in the manner of handling tax refunds. So I very much hope that the amendment of the Senator from Tennessee will not prevail.

Mr. COUZENS. Mr. President, I dislike to disagree with my friend from Tennessee [Mr. McKELLAR] because we have fought side by side for many years in an effort to protect the Treasury from what we have heretofore considered illegal and improper tax refunds. However, I should like the indulgence of the Senator from Tennessee to point out to him for a moment that the efforts of the special or select committee of the Senate, which has spent years and a great deal of money in trying to safeguard and improve the manner of making refunds and credits in the Treasury Department, have brought about a correction of the evils that existed at that time. I wish to say, further, that, so far as I can ascertain from almost continuous touch with the situation, conditions have been remedied.

The Senator, of course, can shake his head, but I want to point out to him——

Mr. McKELLAR. I did not mean any disrespect to the Senator in shaking my head; I merely meant to indicate that I differ with him.

Mr. COUZENS. I merely wish to point out the impracticability of the Senator's amendment. I am perfectly willing to throw about the Treasury any protection against improper payment of refunds that is practicable, but, as has already been pointed out, there are from 40,000 to 50,000 claims filed each year. The Board of Tax Appeals is in fact a court, and, if the taxpayer and the Internal Revenue Commissioner agree, as they obviously have to do on questions of abatement and of refund and of credits, then there is nothing to contest before the Board of Tax Appeals; in other words, the parties in interest are all agreed and there is nothing to decide. However, if the proposed amendment of the Senator from Tennessee should prevail, not only would the Board of Tax Appeals have to duplicate all the functions of the Bureau of Internal Revenue, but the cases would have to be discussed for days and days in open court.

Mr. McKELLAR. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Tennessee?

Mr. COUZENS. I yield for a question. I can not yield for a speech.

Mr. McKELLAR. In a particular case that would be true. Still it is also true in every case the Board of Tax Appeals passes upon that it has to go into the action of the Treasury in collecting the tax.

Mr. COUZENS. Mr. President, the Senator is inaccurate in that respect, because the Board of Tax Appeals does not employ auditors and accountants to go into the field and verify the figures that are submitted by the Treasury Department or by the taxpayer.

Mr. McKELLAR. Did the Senator ever have any experience with the board?

Mr. COUZENS. I have had perhaps as great an experience as anybody in this body has had.

Mr. McKELLAR. I thought I remembered that the Senator had had an experience of that kind; but I recall a case last summer where a representative of the Board of Tax Appeals visited Memphis, Tenn., and went through every paper in a certain tax case. He had the most remarkable grasp of the question of any young man I think I ever saw, and while I do not recall what the settlement was I think it was entirely satisfactory to everybody concerned. I myself was not directly concerned, but I know that the representative of the Board of Tax Appeals went into every species of auditing in connection with that account.

Mr. COUZENS. The Senator is quite correct about that, but I mean they do not go into the books themselves. They take the figures submitted to them by the contestants. However, I am trying to point out to the Senator if the taxpayer and the Commissioner of Internal Revenue agree, as they obviously have to agree in the case of abatements and refunds, then what is there for the Board of Tax Appeals to decide?

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Michigan yield to the Senator from Tennessee?

Mr. COUZENS. I ask the Senator that question.

Mr. McKELLAR. I shall be very happy to answer it.

The trouble about the matter is that the Commissioner of Internal Revenue, whose duty it is to pass upon these cases, never passes upon a single case himself; or, at least, that was the testimony of Mr. D. H. Blair, of North Carolina, who for a number of years was Commissioner of Internal Revenue. He said that he never passed on a single case—not even one involving $59,000,000.

Mr. COUZENS. Mr. President, that $59,000,000 case was thoroughly analyzed by the select committee of the Senate during its investigation of the Bureau of Internal Revenue. In other words, the staff of the select committee analyzed the amortization, the obsolescence, the depreciation, the earnings, the intercorporate earnings of all of the subsidiaries of the Steel Corporation, and was responsible for cutting down the amount to a material extent before the Congress authorized the creation of the Joint Committee on Internal Revenue Taxation.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Tennessee?

Mr. COUZENS. I can not yield unless the Senator wants to ask a question, because I raised the question before.

Mr. LONG. Mr. President, I desire to ask the Senator a question.

Mr. COUZENS. I yield for that purpose.

Mr. LONG. Who does pass on these big $59,000,000 refunds that the Senator spoke about? The Senator from Michigan heard what the Senator from Tennessee said yesterday.

Mr. COUZENS. Yes.

Mr. LONG. Who does pass on them? It seems that it is a mystery. Who does pass on them?

Mr. COUZENS. If the Senator had had the experience with the Treasury Department that I have had he would know that they have a large staff, headed of course, by the Secretary of the Treasury and the Assistant Secretary in charge of the Bureau of Internal Revenue, the Commissioner of Internal Revenue, and several Deputy Commissioners of Internal Revenue, with a Solicitor of Internal Revenue. These accounts all have to be first audited by accountants. They determine and settle upon the figures, as to whether they are accurate. Then, if there is a question raised as to the proper interpretation of the law, they have attorneys in the solicitor's office to pass upon the legal question. They go through these matters, and the legality of the refunds is passed upon by the solicitor of the department.

Mr. LONG. Mr. President, if I may have the attention of the Senator from Tennessee—because I may have misunderstood him—as I understood, the Senator from Tennessee said yesterday that neither the Commissioner of Internal Revenue nor the Secretary of the Treasury nor the solicitor nor any of the rest of them would take any responsibility for these refunds.

Mr. McKELLAR. Mr. President, on yesterday I stated, and I stated in a speech before the Senate in 1930, that I had Mr. Mellon, the then Secretary of the Treasury; Mr. Bond, the Assistant Secretary of the Treasury in charge of the Bureau of Internal Revenue; Mr. Blair, the Commissioner of Internal Revenue; and the Solicitor of the Treasury summoned before the Appropriations Committee specifically about the $59,000,000 refund that was made one Friday night. I will repeat the substance of it.

Mr. COUZENS. Mr. President, that is in the RECORD. I heard that, and I heard the Senator speak of it yesterday.

Mr. McKELLAR. I just wanted to give the facts if the Senator wants to hear them. If he does not, all right.

Mr. COUZENS. I heard the Senator.

Mr. McKELLAR. I know the Senator did.

Mr. COUZENS. I am just as much interested in the subject as the Senator is; but, obviously, when an interpretation of the law has been adopted by the Treasury Department, when a formula has been agreed upon for determining obsolescence or amortization or the methods of arriving at taxes, it is not necessary that the head of the department pass upon the determination of all those things. I mean the entire policy has been settled and determined; and then not only the field agents but the agents in the district and all of the staff audit the account of the taxpayer, submit the audit to the Washington office, and compare it with the taxpayer's return. That is purely an auditing system. Obviously, neither the Secretary of the Treasury nor the Commissioner of Internal Revenue can go over all of those figures, nor could the Board of Tax Appeals or any other agency do so, unless all of the work was to be duplicated.

So what I should like to do, Mr. President, if the Senator from Tennessee would agree to it, would be to amend his proposal in such a way that instead of having these claims go before a board, the Treasury Department, before making any refunds at all in excess of $5,000, shall be required to

submit them to the staff of the Joint Committee on Internal Revenue Taxation.

Mr. President, for years, since the creation of the joint committee, I have kept in constant touch with the activities of the joint committee through their staff, which, in part, is made up of the staff who went through with the select committee that investigated the Bureau of Internal Revenue. If every one of these claims in excess of $5,000 is required to be passed on by the Joint Committee on Internal Revenue Taxation, they will know without having to audit all the figures that the rules and regulations and the law are being carried out. I do not think the Senator from Tennessee can expect any more than that.

Mr. McKELLAR. Mr. President——

Mr. COUZENS. I yield to the Senator.

Mr. McKELLAR. No; I wanted to make a unanimous-consent request.

Mr. COUZENS. I was about to ask the Senator if he would consider such a proposal.

Mr. McKELLAR. Mr. President, the trouble with the matter is that the staff of the Joint Committee on Internal Revenue Taxation has no power to change the figures of the department; and as long as it has no such power, it would be, to my mind, a useless and utterly ineffective way of managing the matter.

I will say this: I am going to ask unanimous consent in a moment for the suspension of the rules to let this amendment come before the Senate and be voted on. If the Senator wishes to set up another commission, or even an independent head, like Mr. Parker, or some sort of a body with Mr. Parker at the head of it, I am rather content to agree to that if the Senate agrees to it. I doubt the wisdom of doing that. I think it would be better to let this work go to the Board of Tax Appeals; but we can discuss that after consent has been given to pass upon this amendment.

Mr. COUZENS. I quite agree that that is true—that the matter should be discussed after consent is given; but I want to point out to the Senator that it is wholly impracticable to go before the Board of Tax Appeals. How could 50,000 cases a year be taken before the Board of Tax Appeals and passed upon after an agreement had been entered into between the commissioner and the taxpayer?

Mr. McKELLAR. At one of the yearly periods when this matter comes up I took occasion to talk to the chairman of the Board of Tax Appeals; and he said that he not only could do it, but that in his judgment it was the only way in which the rights of the Government and the taxpayer could be protected.

Mr. COUZENS. Of course, if the staff of the Board of Tax Appeals is increased to the same extent as the number of employees in the Internal Revenue Bureau, they could do the work; but under the Senator's plan all the work that is done in the Bureau of Internal Revenue would have to be done over again.

Mr. McKELLAR. Oh, no; I think not. They do not do it all over again in the cases that come before them, whether the department turns down the taxpayer or not.

Mr. COUZENS. No. The reason they do not is because there is a contest on, and both sides are presenting their cases; but there would be no contestant under the Senator's proposal.

Mr. GLASS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Virginia?

Mr. COUZENS. I yield to the Senator.

Mr. GLASS. I can not supplement anything the distinguished Senator from Michigan has said—he has made the case clear—further than to suggest that the whole implication here is that there is nobody honest in the Treasury and there is nobody honest in the Joint Committee on Internal Revenue Taxation, or, if they be honest, that they are utterly inefficient——

Mr. McKELLAR. Mr. President——

Mr. GLASS. Because the process is as thorough, I think, as the ingenuity of the Congress can make it. What assurance have we that the Board of Tax Appeals is not either dishonest or inefficient, or that, with its present staff or an increased staff, it could be any more thorough in the examination of these claims than those officials now charged under oath with their examination and determination with the taxpayer?

The members of the Board of Tax Appeals have been spoken of here by the Senator from Tennessee as the creatures of the Secretary of the Treasury. They are not at all. They are appointed by the President of the United States by and with the advice and consent of the Senate. They are not creatures of the Secretary of the Treasury.

Mr. COUZENS. If I may make a suggestion to the Senator at that point, I think at that time there were quite a number of Senators, including the Senator from Tennessee and myself, who feared that they were the creatures of the Treasury Department because their appointments were made on the recommendation of the Secretary of the Treasury.

Mr. McKELLAR. I made no such suggestion.

Mr. GLASS. That is an assumption; but the Senator from Michigan will recall that I had incorporated in the law, in order to make it an independent body—if I may speak of my own activity—a provision that no attaché of the Treasury who had theretofore been charged with the business of reviewing these cases should become a member of the Board of Tax Appeals.

Mr. COUZENS. I recall it; and the Senate agreed to the Senator's amendment, as I recall.

Mr. GLASS. Yes.

Mr. COUZENS. And it is now in the law.

Mr. GLASS. It is now a part of the law.

Mr. COUZENS. That is true.

Mr. GLASS. Moreover, my interest in the matter was further reflected in a provision of law which reduced from five to three the number of years that the Treasury Department might pester the taxpayers of this country and interfere with their business. I think even the amendment proposed by the Senator from Michigan would involve an infinite amount of work by the Joint Committee on Internal Revenue Taxation. The amendment as proposed by the Senator from Tennessee would impose an impossible task on the Board of Tax Appeals and the Treasury Department.

Mr. President, the vice of this whole system is not so much in tax reforms as it is in tax extortion—taking from the taxpayer, as the Senator from Michigan personally knows, thousands of dollars to which the Government is not entitled, and, under the unjust text and operation of the law itself, exacting from the taxpayer in case of error an interest charge that the Government is not willing to endure itself in the case of error on the part of the public officials.

What we ought to do, in my judgment, is this: We should carefully and searchingly revise the law so as to prevent, if possible, these extortions by the Government from the taxpayer, this thing of jeopardy assessments by some minion in the Treasury Department assuming that the taxpayer owes vastly more than he does owe, and thereby imposing a jeopardy assessment, which necessitates expensive action and burdensome delay upon the part of the taxpayer himself.

The Senator from Tennessee is quite correct in stating that this has become a business; and why has it become a business? It has become a business because of these jeopardy assessments. It has become a business because the city of Washington is filled now with legal tax experts whose services must be retained by taxpayers to recover from the Government taxes unjustly levied and extorted.

Mr. COUZENS. Mr. President, the Senator will, of course, recognize that if the proposal of the Senator from Tennessee should prevail, there would be business for literally thousands more of the same kind of tax grafters who now hang around Washington, because they would have to represent taxpayers before the Board of Tax Appeals.

Mr. McKELLAR. Mr. President, will the Senator yield to me?

Mr. COUZENS. I yield.

Mr. McKELLAR. I think the Senator is mistaken about that. Whenever these tax refunds are brought out into the open, where the taxpayer has to make out a case and where

the Government has to make out its case, in fairness, before a proper tribunal, we will see the tax refunds falling like leaves in Vallombrosa.

Mr. COUZENS. Mr. President, I am asking the Senator, If there is no disagreement, what do they contest before the Board of Tax Appeals? What is the contest about? What do they present?

Mr. GLASS. Mr. President, right there may I ask the Senator from Michigan, with his consent, how much more public are the sessions of the Board of Tax Appeals than the operations of the various officials of the Treasury in determining in a preliminary way these tax cases? Are we to have a Board of Tax Appeals that will sit on the Mall, in the open?

Mr. COUZENS. I think that is a perfectly proper question for the Senator to raise, but I am afraid the Senator and I have not been in agreement, although the Senator from Tennessee and I have been in agreement in the view that these records should be public records.

Mr. GLASS. I have no objection to that.

Mr. COUZENS. There would be no question about whether there were improper or illegal refunds made if the records were public.

Mr. GLASS. The Senator is mistaken if he thinks I am in disagreement with that.

Mr. COUZENS. I beg the Senator's pardon. I thought he voted against making these records public records.

Mr. GLASS. No; I am not at all in disagreement with that.

Mr. COUZENS. I am very glad indeed to hear that.

Mr. GLASS. I was in disagreement with the proposition that the borrowings of banks from the Reconstruction Finance Corporation should be blazoned to the public, because I thought that was fraught with great danger, in this time of stress, to these banking institutions. Only this morning I had a letter from a prominent banker of Maryland deploring that publicity, and saying that many banks were failing every day because they were not willing to have it known that they were in such condition of distress as that they had to appeal to the Reconstruction Finance Corporation.

About this matter, however, I have never been in disagreement with the Senator, and the Senator will recall that I supported his proposal to raise this special committee to make inspection of the records.

Mr. COUZENS. I beg the Senator's pardon. I thought the Senator had voted against the efforts of some of us to have these income-tax returns made public records. If it were not for the secrecy maintained in the Bureau of Internal Revenue, this constant doubt of the integrity of the officials of the Bureau of Internal Revenue and the Treasury Department would not be in the public's mind. I am unable to conceive why the Treasury Department should oppose, and constantly and continually oppose, making income-tax returns public, when, as a matter of fact, that very thing keeps them under suspicion all the time.

Mr. LONG. Mr. President, I would just like to ask the Senator, What is the natural suspicion when a man wants to hide what he is doing?

Mr. COUZENS. That he wants it kept secret, of course.

Mr. LONG. And why? When he is making out a check for $500,000 to himself, what is the reasonable supposition? Let us talk sense here. Why do they want to keep it hidden all the time?

Mr. COUZENS. Of course, the Senator has not been here long enough——

Mr. LONG. I do not have to be here to know the rule of humanity. They hide what they do not want known.

Mr. COUZENS. I understand. If the Senator had been here longer, he would have been familiar with all the arguments—I can not enumerate them here in a few minutes—against making these income-tax returns public records. We have had that question up ever since I have been in the Senate. We have spent hours and hours in discussing it, and we have had vote after vote about whether income-tax records should be public records or whether they should be maintained in secrecy. The Senator from Tennessee [Mr. McKELLAR] and the Senator from Nebraska [Mr. NORRIS] and a number of the rest of us have been constant and vigorous proponents of making income-tax returns public records. That has been resisted by the Treasury Department and big business all the time, and we have never been able to get enough votes to make the records public.

I insist, Mr. President, that if those records were public, so that anybody who doubted the wisdom of a settlement or a tax could go to the department and look into the matter for himself, there would be no doubt raised about these refunds and credits, which in most cases are perfectly justified in the interest of the taxpayer.

Mr. WALSH of Massachusetts. Mr. President, it was my impression that the records were made public for a time, and that the law providing for publicity was in the following session repealed.

Mr. COUZENS. The Senator overlooks the fact, I think, that that provision was a joker put into a revenue act. The joker was to the effect that the amount of the return was to be published, but the return itself was not to be opened to analysis.

Mr. WALSH of Massachusetts. The amount each taxpayer paid was to be made public, but not the details of the taxpayer's return.

Mr. COUZENS. Oh, yes; but that was not effective.

Mr. WALSH of Massachusetts. I think it was the intent of Congress at that time that the returns should be open to public inspection upon public inquiry, as are other public records; but, for the purpose of creating opposition against the action of Congress, the Treasury Department gave to the press a complete list of the taxpayers all over the country and the amounts they paid.

Mr. COUZENS. The Senator is quite correct—that after this joker was put into the revenue act, the Treasury Department, in collusion with those who were opposed to the publication of the returns, entered into a conspiracy to defeat making public income-tax returns.

Mr. WALSH of Massachusetts. And later the so-called joker was repealed.

Mr. COUZENS. That is correct.

Mr. WALSH of Massachusetts. So that now all income-tax returns are secret.

Mr. COUZENS. There is no difference between the Senator from Tennessee and myself in our aims, but I have been trying to emphasize to the Senator that his amendment is wholly unworkable and would not accomplish the purpose he desires.

Mr. McKELLAR. Mr. President, I am quite sure that the Senator is in error about that; but let that be laid aside for a moment.

If the Senator would be willing to give the Joint Committee on Internal Revenue Taxation full power, not only to pass upon the cases but to see that these payments are legal and correct, give them full authority to pass upon the cases, I might be willing to talk to him about making a change in my amendment. But the Senator knows, as I know, that at present that committee has no authority to change a figure, and as long as that is so, referring a case to such a commission would be of absolutely no use. It has not been of the slightest use since 1926, and it would be a wholly useless thing to refer cases to a committee which had not the power to change a figure.

Mr. COUZENS. Does the Senator from Tennessee intend to convey the idea that the existing law, which prohibits a refund in excess of $75,000 being paid without the consent of the Joint Committee on Internal Revenue Taxation, is in fact void?

Mr. McKELLAR. No.

Mr. COUZENS. The Senator is making statements which are not in accordance with the facts or the law.

Mr. McKELLAR. No; the Senator is mistaken about that.

Mr. COUZENS. In what respect? A revenue act we passed provided that no refunds in excess of $75,000 could be made except with the consent of the joint committee.

Mr. McKELLAR. Thirty days after the matter had been referred to the committee.

Mr. COUZENS. Certainly, but if in the interim the Joint Committee on Internal Revenue Taxation opposed the refund, it was not made.

Mr. McKELLAR. But they had no right to stop it.

Mr. COUZENS. They did stop some, and whether the exact language is in accordance with the views of the Senator from Tennessee or not is not the important fact, because in actual practice the Treasury Department have made no refunds which have been objected to by the staff of the Joint Committee on Internal Revenue Taxation.

Mr. McKELLAR. I wonder whether the Senator would be willing to have me make a statement about that very thing. This is what happened. Does not the Senator recall that after taking the testimony of Mr. Mellon, Mr. Blair, Mr. Bond, and the Solicitor of the Treasury, all of it was read here on the floor? I think I read most of it. That testimony shows just what the facts were. Then the Senate acted. I think, if I remember correctly—and I am depending purely upon my memory—the only Senators who voted against it were Senator Smoot, Senator Sackett, and Senator Edge.

The Senate overwhelmingly inserted a provision somewhat similar to the one I have now in the pending amendment, placing the matter in the hands of the Board of Tax Appeals. The Senate voted that way. The Senator from Michigan voted with me. But Mr. Mellon came down before the conferees, or sent some word to the conferees, and got that changed, and it was changed to this ineffective method of dealing with the situation by a legislative board which rarely ever meets and which, according to the Senator from Mississippi [Mr. HARRISON], who claimed for it more than anybody else has ever claimed, saved a million dollars out of four thousand million.

Mr. COUZENS. But the Senator must assume in that statement that the Treasury Department submits claims which are entirely improper and illegal. If the Treasury Department does its work properly and submits claims that are legal and proper, then just how can the Joint Committee on Internal Revenue Taxation resist payment? If the staff of the joint committee approves of these refunds—and the staff is the important element of the work—and says that the policy and the law are being followed, then there is nothing further to do. In other words, the staff of the Joint Committee on Internal Revenue Taxation does in no sense maintain field men or auditors or accountants to go all through the work which has theretofore been passed on by the Bureau of Internal Revenue.

Mr. WALSH of Massachusetts. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Massachusetts?

Mr. COUZENS. I yield.

Mr. WALSH of Massachusetts. I understand the Senator's position to be that the object which the Senator from Tennessee has in mind will not work out in practice and be of public benefit because of the present proceeding.

Mr. COUZENS. The Senator is quite correct.

Mr. WALSH of Massachusetts. Will the Senator indulge me while I state a case showing that at the present time the Board of Tax Appeals has control of the situation but does not act? If the commissioner assesses a deficiency against the taxpayer, the taxpayer can appeal to the Board of Tax Appeals.

Mr. COUZENS. That is true.

Mr. WALSH of Massachusetts. If the taxpayer and the commissioner stipulate as to the refund, the Board of Tax Appeals holds no investigation and makes no study or consideration of the matter, but merely approves it.

Mr. COUZENS. That is true. There is no dispute, and they are there only to settle disputes.

Mr. WALSH of Massachusetts. What the Senator is seeking to do will make no change whatever in refunds which are the result of stipulations entered into between the parties in that way.

Mr. COUZENS. That is true. Another thing in practice is that the $4,000,000,000 to which the Senator from Tennessee and others have referred represented in most cases and were made up of abatements. I want to point out to the Senate the great difference between an abatement and a refund.

Mr. WALSH of Massachusetts. I wish the Senator would do so.

Mr. COUZENS. I have no desire to go into personalities, but with my associates in the Ford Motor Co. we had an assessment of over $30,000,000 made against us. If it had never gone before the Board of Tax Appeals and the Secretary of the Treasury or the Commissioner of Internal Revenue had abated that assessment after finding they had made an error, which they did not do, it would have gone into the list of abatements when there was never any justification in the first instance for the assessment. When we take into consideration the fact that much more than half of the $4,000,000,000 is made up of abatements, and not refunds, it will be understood that it includes the jeopardy assessments and other assessments which were made to protect the Government and then found to have been made in error.

Mr. WALSH of Massachusetts. If the Senator and his associates had entered into a stipulation with the commissioner to compromise the abatement, it would have received the approval of the Board of Tax Appeals as a matter of form even if the compromise was unfavorable to the public.

Mr. COUZENS. As a matter of fact, it would not have gone to the Board of Tax Appeals. There was nothing for them to decide. The Board of Tax Appeals only decide contests between a taxpayer and the Government.

Mr. WALSH of Massachusetts. If the commissioner had assessed a deficiency in the case of the Senator and the Senator immediately appealed to the Board of Tax Appeals, and later the commissioner and the taxpayer, being the Senator, got together and entered into any stipulation adjusting that claim, it would have received the approval of the Board of Tax Appeals without any argument or discussion about it, would it not?

Mr. COUZENS. That is entirely correct. That is exactly what happens in a lawsuit before a court. When the litigants get together and agree the court has no further interest in the matter. In the matter the Senator from Tennessee has pointed out, when contestants get together there is nothing for the Board of Tax Appeals to decide. If the Senator's proposal were adopted, just what could be argued before the Board of Tax Appeals? The matter would be presented to the board, but there would be no argument or public discussion as to the merits of the proposed refund.

In an effort to protect the Treasury Department to the extent that the Senator from Tennessee and I both desire, I propose that none of this money—and what the Senator desires is to protect this particular appropriation—shall be used for the purpose of refunds until the refunds have been approved by the Joint Taxation Committee. That relates to this specific appropriation and no more. It seems to me that will answer the purpose of the Senator from Tennessee. It would be a law which would take care of no other cases than those covered by this specific appropriation. If the Senator wants to get this through, I would like to have him submit a unanimous-consent agreement and let it apply to this particular appropriation. Then if we want to revise substantive law that is another matter.

Mr. McKELLAR. If the Senator is addressing his question to me, I would be unwilling to do that unless the joint committee is given full power to act in any given case. The mere examination to see whether in its opinion the refund is all right, without any power to correct the matter, would be of no value. It would be utterly useless.

Mr. COUZENS. But none of the appropriation could be paid out until that was done.

Mr. McKELLAR. But under existing statute, which is not interfered with by the proposed amendment of the Senator,

unless the claim was acted on by the joint committee within 30 days, it stood and the money would be paid out.

Mr. COUZENS. But this is a different provision.

Mr. McKELLAR. I have not seen the Senator's amendment.

Mr. COUZENS. I am speaking of the Senator's own provision as published in the RECORD last night. It refers to this particular appropriation and nothing more.

Mr. McKELLAR. Of course, that is all it can refer to.

Mr. COUZENS. That is all I am seeking to have my proposal relate to.

Mr. McKELLAR. I would be very happy to change the amendment so as to have it read that "hereafter no appropriation for refunds," and so forth, making it of general application.

Mr. COUZENS. I think that it ought to be a matter of general legislation and not attached to a particular appropriation bill. But the Senator proposes it only as to the particular money appropriated in this particular bill.

Mr. McKELLAR. Why offer an amendment to do that when the committee has that authority now?

Mr. COUZENS. Then why have these particular cases aggregating some $28,000,000 go to the Board of Tax Appeals when all the rest are eliminated from the consideration of the Board of Tax Appeals?

Mr. McKELLAR. I hope by my amendment, if I get it through, finally to make it a matter of general law.

Mr. COUZENS. I would be glad to join the Senator in that effort; but in this particular bill, confined to these particular appropriations, I think the Senator is going to extremes in trying to require that just these refunds shall be considered, that these particular taxpayers shall be required to go before the Board of Tax Appeals, when none other has been required to go before the Board of Tax Appeals.

Mr. McKELLAR. Mr. President, I ask unanimous consent that the rule may be suspended and that the amendment and any alterations thereof which may be desired by any Senator may be voted on in the regular way.

Mr. COUZENS. Mr. President, before that question is submitted, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Kendrick	Sheppard
Austin	Cutting	King	Shipstead
Bailey	Dale	La Follette	Shortridge
Bankhead	Dickinson	Lewis	Smith
Barbour	Dill	Logan	Smoot
Barkley	Fess	Long	Steiwer
Bingham	Fletcher	McGill	Swanson
Black	Frazier	McKellar	Thomas, Idaho
Blaine	George	McNary	Thomas, Okla.
Borah	Glass	Metcalf	Townsend
Bratton	Glenn	Moses	Trammell
Broussard	Goldsborough	Neely	Tydings
Bulkley	Gore	Norbeck	Vandenberg
Bulow	Grammer	Norris	Wagner
Byrnes	Hale	Nye	Walcott
Capper	Harrison	Oddie	Walsh, Mass.
Caraway	Hastings	Patterson	Walsh, Mont.
Carey	Hatfield	Pittman	Watson
Cohen	Hayden	Reynolds	Wheeler
Connally	Hebert	Robinson, Ark.	White
Coolidge	Howell	Robinson, Ind.	
Copeland	Hull	Schall	
Costigan	Johnson	Schuyler	

The PRESIDENT pro tempore. Eighty-nine Senators having answered to their names, a quorum is present. The Chair understands the Senator from Tennessee to have withdrawn his motion to suspend the rule and to be asking unanimous consent now for the purpose of introducing an amendment.

Mr. McKELLAR. Yes; an amendment on page 13, line 3. At the suggestion of the Senator from Michigan [Mr. COUZENS], I am going to change the form of the amendment, which I now submit. I move to amend, in line 3, page 13, by adding the following proviso:

Provided, That refunds and credits shall be referred to the joint committee. No refund or credit of any claim, war-profits, or estate or gift tax in excess of $5,000 shall be made after the enactment of this act until such refund or credit proposed by the Treasury Department is submitted to the Joint Committee on Internal Revenue Taxation. The said committee or its staff shall have full power to have all the facts and papers before it and pass on the case de novo, and its decision shall be final. A report to the Congress shall be made annually by such committee of such refunds and credits, including the names of all persons and corporations to whom amounts are credited or payments are made, together with the amounts credited or paid to each.

The Senate will see, Mr. President, that that is the method of dealing with this matter suggested by the Senator from Michigan, with three changes. The first is the amount is decreased from $75,000 to $5,000. The second is that the present law makes the report of the Internal Revenue Commissioner final if it is not dissented from by the committee in 30 days. In lieu of that I insert the following language:

The said committee or its staff shall have full power to have all the facts and papers before it and pass upon the case de novo, and its decision shall be final.

Mr. FESS. Mr. President, will the Senator from Tennessee yield to me?

The PRESIDENT pro tempore. The Chair understands the parliamentary situation to be that, although the Senator from Tennessee has not formally withdrawn his motion——

Mr. McKELLAR. That is correct.

The PRESIDENT pro tempore. His request for unanimous consent is tantamount to such withdrawal. The Chair would add, however, that, in the event unanimous consent is not granted, the Senator from Tennessee will be at liberty to renew his motion.

Mr. McKELLAR. Absolutely.

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Ohio?

Mr. McKELLAR. I do.

Mr. FESS. The Senator provides in his amendment that the decision of the committee or its staff shall be final?

Mr. McKELLAR. Yes.

Mr. FESS. Does that eliminate entirely resort to the Board of Tax Appeals?

Mr. McKELLAR. None of these cases will go before the Board of Tax Appeals. This is a separate matter. My amendment, if adopted, will not interfere with the present jurisdiction of the Board of Tax Appeals at all.

Mr. HALE and Mr. KING addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Tennessee yield; and if so, to whom?

Mr. McKELLAR. I yield first to the chairman of the committee.

Mr. HALE. Mr. President, I wish to say that I am not in favor of the amendment proposed by the Senator from Tennessee, but in view of the imperative importance of securing prompt action upon this appropriation bill, in order to take care of suffering people in Washington, I will not insist upon my right, but will consent to the amendment.

Mr. McKELLAR. I thank the Senator.

Mr. KING. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Utah?

Mr. McKELLAR. I yield.

Mr. KING. If I understand the amendment just offered by the Senator from Tennessee, it is, in substance, that there shall be no trial before the Board of Tax Appeals of the controversial questions which we have been discussing, but that the Joint Tax Committee or commission shall rather serve as an appellate body, and after they have tried the matter de novo, where the amount in controversy is $5,000 or more, their decision shall be final?

Mr. McKELLAR. That is substantially correct, as I explained a while ago.

Mr. COUZENS. Mr. President, will the Senator from Tennessee yield to me?

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Michigan?

Mr. McKELLAR. Yes; I yield.

Mr. COUZENS. May I suggest that I think the word "final" is rather unfortunate, and if allowed to remain in the amendment would raise a doubt in the minds of some Senators. I wonder if the Senator from Tennessee would

not change the language so as to read that no refund shall be made without the approval of the Joint Tax Committee? Then the regular procedure as to the Board of Tax Appeals may be retained.

Mr. McKELLAR. Does the Senator mean to strike out the words "that their decision shall be final"?

Mr. COUZENS. Yes; and to insert the words "that no refund shall be made without their approval."

Mr. McKELLAR. I desire it to read that no refund shall be made until the joint committee shall have passed upon the matter as herein provided.

Mr. COUZENS. I do not object to that, but making their decision final raises a question.

Mr. McKELLAR. If the Senate will indulge me a moment, I will change the language.

The PRESIDENT pro tempore. May the Chair suggest that the official reporter reduce the amendment to writing so that it may be read for the information of the Senate.

Mr. McKELLAR. The amendment has been hastily drawn during the debate. The Senator from Michigan made a very wise suggestion.

Mr. LONG. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Louisiana?

Mr. McKELLAR. I yield.

Mr. LONG. I was going to suggest that inasmuch as the Senator is going to reduce the amendment to writing, we permit it to be reduced to writing, and in the meantime proceed with the regular order until he has perfected the amendment.

The PRESIDENT pro tempore. Does the Chair understand the Senator from Louisiana to demand the regular order?

Mr. LONG. I do not demand the regular order unless the Senator from Tennessee desires further time to prepare the amendment.

Mr. McKELLAR. The amendment can be prepared in a moment.

Mr. LONG. If it can be arranged in a moment, that will be all right.

Mr. KING. Mr. President, will the Senator from Tennessee yield to me?

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Utah?

Mr. McKELLAR. I yield.

Mr. KING. I should like to inquire of the chairman of the Committee on Appropriations, the Senator from Maine [Mr. HALE], while the Senator from Tennessee is perfecting his amendment, with reference to the appropriation carried in line 13, page 23, of the pending bill:

For foreign mail transportation, $10,493.36.

I ask the Senator whether that goes to some of the shipping companies that are now receiving enormous subsidies and if it is a valid appropriation and what is the occasion for it?

Mr. HALE. Will the Senator give me the page?

Mr. KING. The item is on page 23, line 13.

Mr. HALE. Mr. President, this is an audited claim. The committee does not go into audited claims and has never done so. Such claims simply come up to us and we have to put them in the bill.

Mr. KING. Will the Senator please advise us what is the function of the so-called auditing committee and how it is that their decision becomes a finality and the Appropriations Committee becomes a mere rubber stamp to write into the law their audit?

Mr. HALE. These claims are all approved, Mr. President, by the comptroller before they come here, and they are paid as a matter of law.

Mr. KING. That would simply mean, if I understand the Senator, that there is some law which authorizes the approval by the comptroller of the claims presented; but what I am trying to get at is whether this is some additional claim?

Mr. HALE. The act of July 7, 1884—I will endeavor to secure immediately a copy of that act.

Mr. KING. While the Senator is trying to get the statute I will make a further observation.

Mr. President, some of us believe that contracts which have been made by the Postmaster General with respect to shipping companies have been very improper and have mulcted the Government of the United States out of many million dollars. I have upon my desk a number of these contracts and the figures showing the appropriations which have been made involving large sums, amounting to hundreds of thousands of dollars annually for carrying a few pounds of mail, less than a thousand pounds of mail, for inconsequential distances. I was wondering if this appropriation was to go to some shipping company on account of claims which they have submitted in addition to the claims which they make under their contracts.

Mr. HALE. I can not answer the Senator's question. The claims come up to us, and, under the law, they are payable by the Government.

Mr. KING. Mr. President, I sincerely hope that the Committee on Appropriations—and I know that my dear friend will accept the suggestion which I make in good faith—will make some inquiry into these claims.

Mr. HALE. The Committee on Appropriations, Mr. President, is simply following the course the committee has always followed in such matters.

Mr. KING. It may be entirely proper for the Appropriations Committee to accept the ipse dixit of some official of the Government and report an appropriation bill carrying audited claims. I think, however, Mr. President, for the enlightenment of some of us who are not upon the Appropriations Committee, if not for the benefit of the committee itself, that the committee should make inquiry into these various appropriations and ascertain their validity so that they could make some explanation.

I understand that if a judgment comes from the Court of Claims for $1,000,000, the committee accepts the certification of the clerk of the court, and recommends the appropriation accordingly, without inquiring into the validity of the judgment.

Yet there are so many of these claims being preferred against the Government, I should be very glad if the committee would make some little investigation into these claims to ascertain whether they are just or otherwise.

Mr. HALE. I will be very glad to take the matter up with the committee.

Mr. LONG. Mr. President, in view——

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Louisiana?

Mr. KING. I yield the floor.

The PRESIDENT pro tempore. The Senator from Louisiana is recognized.

Mr. LONG. I should like to ask in order to avoid any controversy on the matter whether or not within a relatively short time the information can not be secured for the benefit of the Senator from Utah?

Mr. KING. I do not want it for my own benefit alone.

Mr. LONG. I mean for the benefit of the Senate as well.

Mr. HALE. I do not think the Senator wants to hold the bill up for that purpose.

Mr. LONG. I am merely trying to expedite matters. We are all waiting on the Senator from Tennessee to perfect his amendment, and the Senator from Utah wants information on another subject. So it would seem to me that it would expedite the bill to proceed with the regular order until this little matter can be whipped into shape.

Mr. HALE. I think the Senator from Utah is satisfied in this particular instance. He is merely suggesting procedure for the future.

Mr. LONG. I do not insist on making the suggestion.

Mr. KING. Mr. President, I will say frankly to the Senator in charge of the bill that these appropriations made to shipping companies, which are receiving large subsidies, arrest my attention because I have felt for a number

of years that contracts were being let by the Postmaster General which were improvident and which carried sums largely in excess of what were just or proper. I have before me a statement made by Hon. RALPH F. LOZIER, of Missouri, appearing in the CONGRESSIONAL RECORD of December 30, in which reference is made to a large number of these companies and to the subsidies which have been granted to them. An examination of these subsidies, these contracts, it seems to me, will confirm the view I have expressed that the Government has not been fairly dealt with; that payments have been made to some of these shipping companies greatly in excess of what was just and fair.

I desire to give notice that when the bill comes before the Senate carrying these large appropriations, or attempting to validate these contracts, I shall move to amend the bill and to reduce some of these appropriations or perhaps go to the extreme of asking for a rectification of some of these contracts in the interest of protecting the taxpayers of the United States.

The PRESIDENT pro tempore. The question is——

Mr. LONG. Mr. President, I must insist on protecting the Senator from Tennessee [Mr. MCKELLAR], who is undertaking to perfect his amendment.

Mr. MCKELLAR. It will be ready in just a moment.

Mr. LONG. Then, until the amendment is ready, unless we are going to be at ease, I suppose we might as well have the regular order. I therefore suggest that we return to the regular order, and I shall be glad to return to this subject when the Senator from Tennessee has his amendment ready.

The PRESIDENT pro tempore. The Senator from Louisiana demands the regular order.

Mr. BLAINE. Mr. President, will the Senator withhold that request until I can make an inquiry of the Senator from Maine?

Mr. LONG. Yes. I was only doing that in order to protect the Senator from Tennessee. I withdraw the suggestion for the present.

Mr. BLAINE. It will take only a moment.

Mr. LONG. All right.

Mr. BLAINE. Mr. President, I notice on page 5 of the bill a provision appropriating $625,000 from the revenues of the District of Columbia for the period ending June 30 of this year for relief of residents of the District of Columbia who are unemployed or otherwise in distress because of the existing emergency. Will the Senator advise me what proportion of the District expenditures is paid out of the National Treasury?

Mr. HALE. I think the Senator from Connecticut [Mr. BINGHAM] can give that information more accurately than I can.

Mr. BINGHAM. Mr. President, the actual effect of this provision would be that all the money would come out of the pockets of the taxpayers of the District, because there is no provision in this bill for any additional money from the Federal Treasury for the District of Columbia.

Mr. BLAINE. For the fiscal year?

Mr. BINGHAM. For the fiscal year. Therefore this $625,000 for the relief of the poor and distressed in the District would all come out of the taxpayers of the District.

Mr. BLAINE. Has any provision been made for raising that additional fund, or is there sufficient money in the revenues of the District to pay the $625,000?

Mr. HALE. So far as I know, there is sufficient money in the revenues of the District to pay it.

Mr. BINGHAM. Mr. President, if the Senator will yield to me, under the law there is a contingent fund which must be maintained at all times in the neighborhood of between two or three million dollars against which this can be charged; but it will undoubtedly have to come out of the next year's appropriation, because that fund must be restored to its legal basis—$3,000,000.

Mr. BLAINE. Then, the Federal Government contributing toward the expenses of the District of Columbia whatever sum it does—nine or ten million dollars—has contributed toward this fund of $2,000,000, or whatever it is, so that the effect of this appropriation is to take a part of the money out of the Public Treasury?

Mr. BINGHAM. No, Mr. President.

Mr. BLAINE. Or to take a part of the money that has come out of the Public Treasury and put it in the revenues of the District?

Mr. BINGHAM. Mr. President, it might be said to be a matter of bookkeeping; but, as a matter of fact, under the old system a proportion of all the expenses of the District was borne by the Federal Government. It used to be 50-50. Half the expenses were borne by the Federal Government. Then it became 40-60, and 40 per cent was borne by the Federal Government. If that were still true, then the Senator's claim would have foundation in fact; but actually it is a specific sum which remains the same whether this appropriation is made or not. Therefore, it can not be held that any part of this additional expense is borne by the Federal Government.

Mr. BLAINE. Let me inquire further: I understand the Senator's general statement to be correct; but, assuming that this $2,000,000 contingent fund is accumulated not only out of revenues collected from the taxpayers of the District, has not some of it come from the appropriations that have been made from the Federal Treasury to the revenues of the District?

Mr. BINGHAM. Perhaps I used the term "contingent fund" inadvisedly. If it were a real contingent fund, the Senator's position would be correct. It is merely that there must be in the Treasury a surplus of money that has been accumulated, most of which—more than three-fourths of which—has been contributed by the taxpayers of the District.

Mr. BLAINE. May I put it in this way, then: That surplus, however, would not exist if it were not for the fact that the Federal Government makes whatever the contribution is?

Mr. BINGHAM. Of course, if the Federal Government did not make any contribution, there would be a deficit. That is true.

Mr. BLAINE. But there is a mixture of funds here, and merely as a bookkeeping proposition the people of the District will be charged with this expenditure; but if the whole financial set-up of the District is taken into consideration, the Federal Government's contribution aids the taxpayers of the District of Columbia to set up this fund, whatever it is, whether it is a contingent fund or otherwise. Without Federal aid the District would not have that fund without imposing additional taxes upon the taxpayers of the District.

Mr. BINGHAM. Mr. President, it has always seemed to me that the payment made by the Federal Government was really in lieu of taxes, the Federal Government being the chief business in the District and owning an enormous amount of nontaxable property. Because of the Federal Government's being here, and there being an enormous amount of other nontaxable property owned by foreign governments and by ecclesiastical and educational institutions, it has seemed to me that the contribution of the Federal Government was really in the nature of taxes. Therefore it may be said that part of any money that the District spends is from the Federal Government as a taxpayer.

Mr. BLAINE. Mr. President, I did not make these inquiries for the purpose of objecting to the appropriation. I made them merely for the purpose of pointing out exactly what the Senator from Connecticut has just said. The Congress, therefore, is directly appropriating money, or indirectly appropriating money—whichever way we desire to put it—for a relief measure within the District of Columbia.

I merely make that observation in connection with the failure of Congress to make direct appropriations to other cities and communities in the United States.

Mr. KING. Mr. President, may I ask the Senator from Connecticut a question? I was not quite able to understand all that the Senator said, and I did not hear the colloquy in the beginning; but I understood the Senator to convey the idea that there was some fund, aside from the appropriation which was made by Congress for the expenses of

the District for the present fiscal year, from which this $625,000 would be taken.

Mr. BINGHAM. I understood the question asked by the Senator from Wisconsin to be where the money was going to come from if it did not come out of the Federal Treasury. My answer was that under the law the District of Columbia is obliged to maintain on deposit with the Federal Government a fund amounting to about $3,000,000, from which it could come, and which fund, of course, would have to be made up in the appropriation for the next fiscal year.

Mr. KING. This would not create a deficit, then, in the ordinary sense?

Mr. BINGHAM. It would not create a deficit in the ordinary sense. It creates a deficit in a legal sense, because the District of Columbia is obliged to maintain that fund so that it may have money available for cash payments at all times.

Mr. KING. But assume that the appropriation out of the Federal Treasury directly to the District for meeting the expenses of the District was one-fourth of the aggregate expenditures: Then one-fourth of this $625,000 would come from the taxpayers of the United States?

Mr. BINGHAM. If we had a 25–75 ratio that would be true; and, to repeat what I said a few moments ago, it is my belief that the only excuse for the payment of the money which the Federal Government pays to the District of Columbia is as a taxpayer. The Federal Government can not admit that it pays taxes, because that is contrary to all precedent and to all of our experience, but that is virtually what it amounts to; and the amount which I have endeavored to secure for the District from the Federal Government each year bears a direct relation to what would appear to be a fair tax charge if the Federal Government were in business and a taxpayer in the District.

Mr. KING. The Senator knows that I do not quite agree with that thesis of his; but I will ask the Senator whether the committee considered the question as to whether the District of Columbia should make application, the same as States have made application—and, for a certain purpose, the District might be considered as a sovereign State—to the Reconstruction Finance Corporation for a part of the $300,000,000 which was appropriated. Did the committee consider that?

Mr. BINGHAM. It is the first time I have heard of it, Mr. President.

Mr. KING. The Senator will recall that $300,000,000 was appropriated for unemployment, and that the States and municipalities are receiving a part of that amount. Each State makes its application. I was wondering if the committee had considered the advisability of the District of Columbia's treating itself as a sovereign State or a municipality or political subdivision for the purpose of making application to the Reconstruction Finance Corporation.

Mr. BINGHAM. Mr. President, the trouble is that we are the board of aldermen of the District of Columbia. We should have to take such action as is taken in a municipality that can not raise money for its own recipients of charity, and that is the reason why the thing has to be done here. We are the legislative body for the District. We do not represent the District directly, but we have to see that it has the means properly to take care of its poor people.

I do not regard this matter in the light that the Senator from Wisconsin does, that we are contributing to the District's charitable funds as we might to those of any other city. We pay no taxes, or anything like taxes, in any other city of the United States, but here we have a different situation; and we are responsible to the people of the District for passing laws to aid them in whatever way seems proper.

Mr. COUZENS. Mr. President, I desire to suggest, in that connection, that the District of Columbia has no security of its own to pledge as municipalities have.

Mr. McKELLAR. Mr. President, I ask unanimous consent that the rule may be suspended and that I may be authorized to offer the amendment which I send to the desk and ask to have stated.

The PRESIDENT pro tempore. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. The Senator from Tennessee offers the following amendment: On page 13, line 3, after the word "each" and before the period, insert the following proviso:

Provided, That no refund or credit of any income or profits, estate, or gift tax in excess of $5,000 shall be made after the enactment of this act until a report thereof giving the name of the person, corporation, or partnership to whom the refund or credit is to be made, the amount of such refund or credit, and all the facts and papers in connection therewith are submitted by the Commissioner of Internal Revenue to the Joint Committee on Internal Revenue Taxation. The said committee or its staff shall have full access to all the papers, and shall examine into and pass upon the same de novo; and no refund shall be made until the Joint Committee on Internal Revenue Taxation shall have so passed on such refund and made its report to the Commissioner of Internal Revenue.

The PRESIDENT pro tempore. The Senator from Tennessee asks unanimous consent for the suspension of the rule in order that this amendment may be submitted. Is there objection?

Mr. BINGHAM. Mr. President, I should like to ask the Senator from Tennessee a question.

Mr. McKELLAR. Surely.

Mr. BINGHAM. Does the Senator propose to give the staff of this committee the right to pass on everyth'ng?

Mr. McKELLAR. No.

Mr. BINGHAM. That is the way the amendment reads.

Mr. McKELLAR. If the committee authorizes its staff to pass upon it, I think it should have that right.

Mr. BINGHAM. And then the staff, whoever that may be and whoever it may mean, will have the right to pass on all these matters?

Mr. McKELLAR. But it has to be duly authorized by the committee first.

Mr. BINGHAM. Does the Senator think that any committee of Congress has time enough to pass on all these various claims?

Mr. McKELLAR. Perhaps not; and for that reason the amendment gives the committee the power to deal with its staff. This is the suggestion of the Senator from Michigan [Mr. COUZENS], which I have accepted. There is just one provision which I think ought to be added to it; that is, that this committee shall have the right to fix the amount.

Mr. ROBINSON of Arkansas. Mr. President, may I ask a question? I do not object to the request of the Senator from Tennessee, but I should like to understand the effect of the amendment as it is now proposed.

It is provided that refunds amounting to more than $5,000 shall not be made until the Joint Committee on Internal Revenue Taxation shall have had opportunity to pass upon the refunds and make reports to the Commissioner of Internal Revenue. It is not expressly stated that an adverse ruling by the committee will prevent a refund. It seems to me that, as the language reads, the decision of the Joint Committee on Internal Revenue Taxation will be merely advisory to the Commissioner of Internal Revenue, that even after the joint committee shall have passed upon a proposed refund and made its report to the Commissioner of Internal Revenue he might proceed to make the refund, notwithstanding the joint committee may have passed upon it adversely.

I do not point this out in any spirit of captiousness or with a desire to embarrass the Senator's amendment. The Senator understands that well.

Mr. McKELLAR. I understand that perfectly.

Mr. ROBINSON of Arkansas. I think that question would arise under the amendment as it now reads.

Mr. McKELLAR. I will say to the Senator that I will accept any suggestion as to an amendment to my amendment he may care to make. I think it could be amended in this way. The Senator will see in the first sentence that the report of these refunds is to be submitted by the Commissioner of Internal Revenue to the Joint Committee on Internal Revenue Taxation, and the next sentence takes up what that committee will do, namely—

That said committee or its duly authorized staff shall have full access to all papers, and shall examine into and pass upon the same de novo, and no refund shall be made until the Joint Committee on Internal Revenue Taxation or its duly authorized staff shall have so passed on such refund and fixed the amount and made its report to the Commissioner of Internal Revenue.

Mr. ROBINSON of Arkansas. I have read the language, and a rereading of it does not enlighten me. It is the construction of the language or the effect of the language I am inquiring into. My inquiry can be stated in a few words. What would be the effect of a decision under this language by the Joint Committee on Internal Revenue Taxation? Would it bind the Commissioner of Internal Revenue? Would the language have that result?

Mr. LONG. It ought to.

Mr. ROBINSON of Arkansas. I am not asking what it ought to do; I am asking what the language would do. I do not quite so construe it. The Senator from Michigan [Mr. COUZENS] made some suggestions, and I will ask him the question, with the permission of the Senator from Tennessee.

Mr. McKELLAR. I yield. I just want it certain that this joint committee shall have full power to pass upon the matter anew, and fix the amount of any refund.

Mr. ROBINSON of Arkansas. Before the Senator from Michigan answers, may I point out that apparently the Joint Committee on Internal Revenue Taxation is to be called upon to perform a quasi judicial duty.

Mr. LONG. The amendment as now drawn would not do.

Mr. ROBINSON of Arkansas. What I am trying to find out is the interpretation of the language by those who employ it. Is it intended to make the decision of the joint committee binding on the Commissioner of Internal Revenue with reference to a refund? If it is so intended, I respectfully and modestly point out that the language would not have that result. It is a quasi-judicial function which the joint committee is to be asked to perform or required to perform, and the only requirement is that it shall pass upon applications for refund and make a report to the Commissioner of Internal Revenue, and he can not make a refund before the report of the joint committee is received. Impliedly, he can make a refund after a report is received, no matter what the finding of the joint committee may be.

Mr. COUZENS. Mr. President, will the Senator yield to me?

Mr. ROBINSON of Arkansas. I yield.

Mr. COUZENS. The Senator from Arkansas will recall that this matter was first proposed as simply a limitation on an appropriation bill.

Mr. ROBINSON of Arkansas. I understand that.

Mr. COUZENS. And applied only to some $28,000,000. The Senator from Tennessee has a plan, with which I do not agree, to make it permanent law, to apply to all cases hereafter. All I was trying to do was to have a limitation placed upon this particular bill, and then it would read, in effect, that no part of this appropriation should be used for this purpose until a refund had been approved by the Joint Committee on Internal Revenue Taxation.

Mr. ROBINSON of Arkansas. That is, that no part of this appropriation shall be used to pay any refund of taxes, or comply with any order for a refund, in excess of $5,000, until the order for a refund shall have been approved by the Joint Committee on Internal Revenue Taxation?

Mr. COUZENS. Yes; that was my intention, and that is what I have been trying to accomplish, to make a limitation.

Mr. McKELLAR. If it is good for this appropriation, it ought to be good for others. I want to say to the Senator from Arkansas that he has had the same idea about it that I have had.

Mr. LONG. Mr. President, a point of order.

The PRESIDENT pro tempore. The Senator from Louisiana will state his point of order.

Mr. LONG. I make the point of order that we are not proceeding on this amendment. The Senator from Arkansas was supposed to have had the floor, but he has yielded the floor. He could yield only for a question. Apparently we are getting into such interminable conflict over language that is almost meaningless that I think we had better proceed in the regular order to work this thing out. I have sacrificed three hours' time here this morning.

The PRESIDENT pro tempore. The Chair understands the Senator from Louisiana to demand the regular order?

Mr. LONG. I do.

The PRESIDENT pro tempore. The regular order is demanded, and the Chair lays before the Senate the regular order, the title of which will be read.

The CHIEF CLERK. The bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

RELIEF OF DEBTORS IN FORCED LIQUIDATION PROCEEDINGS

The PRESIDENT pro tempore. The Chair lays before the Senate a message from the President of the United States, which will be read.

The Chief Clerk read the message, as follows:

To the Senate and House of Representatives:

On February 29 last I addressed the Congress on the urgent necessity for revision of the bankruptcy laws, and presented detailed proposals to that end. These proposals were based upon most searching inquiry into the whole subject which had been undertaken by the Attorney General at my direction. While it is desirable that the whole matter should be dealt with, some portions of these proposals as an amelioration of the present situation are proving more urgent every day. With view to early action, the department, committees, and Members of the Congress, have been collaborating in further development of such parts of these proposals as have, out of the present situation, become of most pressing need. I urge that the matter be given attention in this session, for effective legislation would have most helpful economic and social results in the welfare and recovery of the Nation.

The process of forced liquidation through foreclosure and bankruptcy sale of the assets of individual and corporate debtors who through no fault of their own are unable in the present emergency to provide for the payment of their debts in ordinary course as they mature, is utterly destructive of the interests of debtor and creditor alike, and if this process is allowed to take its usual course misery will be suffered by thousands without substantial gain to their creditors, who insist upon liquidation and foreclosure in the vain hope of collecting their claims. In the great majority of cases such liquidation under present conditions is so futile and destructive that voluntary readjustments through the extension or composition of individual debts and the reorganization of corporations must be desirable to a large majority of the creditors.

Under existing law, even where majorities of the creditors desire to arrange fair and equitable readjustments with their debtors, their plans may not be consummated without prohibitive delay and expense, usually attended by the obstruction of minority creditors who oppose such settlements in the hope that the fear of ruinous liquidation will induce the immediate settlement of their claims.

The proposals to amend the bankruptcy act by providing for the relief of debtors who seek the protection of the court for the purpose of readjusting their affairs with their creditors carry no stigma of an adjudication in bankruptcy, and are designed to extend the protection of the court to the debtor and his property, while an opportunity is afforded the debtor and a majority of his creditors to arrange an equitable settlement of his affairs, which upon approval of the court will become binding upon minority creditors. Under such process it should be possible to avoid destructive liquidation through the composition and extension of individual indebtedness and the reorganization of corporations, with the full protection of the court extended to the rights and interests of creditors and debtors alike. The law

should encourage and facilitate such readjustments in proceedings which do not consume the estate in long and wasteful receiverships.

In the case of individual and corporate debtors all creditors should be stayed from the enforcement of their debts pending the judicial process of readjustment. The provisions dealing with corporate reorganizations should be applicable to railroads, and in such cases the plan of reorganization should not become effective until it has been approved by the Interstate Commerce Commission.

I wish again to emphasize that the passage of legislation for this relief of individual and corporate debtors at this session of Congress is a matter of the most vital importance. It has a major bearing upon the whole economic situation in the adjustment of the relation of debtors and creditors. I therefore recommend its immediate consideration as an emergency action.

HERBERT HOOVER.

THE WHITE HOUSE, *January 11, 1933.*

The PRESIDENT pro tempore. The message will be referred to the Committee on the Judiciary and printed.

REPORT OF BANKRUPTCY LAW COMMITTEE OF THE FEDERAL BAR ASSOCIATION OF NEW YORK

Mr. COPELAND. Mr. President, I ask that there be printed in the RECORD the report of the bankruptcy law committee of the Federal Bar Association of New York, and that the report be referred to the Committee on the Judiciary of the Senate.

There being no objection, the report was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

REPORT OF THE BANKRUPTCY LAW COMMITTEE OF THE FEDERAL BAR ASSOCIATION OF NEW YORK, NEW JERSEY, AND CONNECTICUT

To the President and Members of the Federal Bar Association:

The bankruptcy committee of the Federal Bar Association of New York, New Jersey, and Connecticut begs leave to submit to you its report regarding the Irving Trust Co. receivership problem in the southern district of New York.

The Irving Trust Co. report, published in full in the newspapers of December 1, 1932, does not touch the real problem in bankruptcy in the southern district of New York.

It concerns itself solely with an attempted substantiation of its claim that the Irving Trust Co. as official receiver and trustee in bankruptcy has effected economies in the administration of bankrupt estates in the southern district of New York.

Before considering the real and vital problem in which the business men and attorneys of the southern district of New York are interested it is well to consider, preliminarily, the Irving Trust Co.'s claim of economy itself.

THE ADVANTAGE TO CREDITORS IN DIVIDENDS THAT IS CLAIMED BY THE IRVING TRUST CO. IS AT BEST TRIVIAL

All that the Irving Trust Co.'s report claims for saving of dividends to creditors (see p. 22 of the report) is that the trust company's administration has given to creditors in voluntary cases aggregate dividends of 4.39 per cent as against aggregate dividends of 4.09 per cent that it claims creditors have received in voluntary cases under other administration than that of the Irving Trust Co.; and that in involuntary cases it has given them aggregate dividends of 10.67 per cent as against 10.35 per cent received by them under administrations other than by the Irving Trust Co.; that is to say, the Irving Trust Co.'s claim is that it has given to creditors dividends of three-tenths of 1 per cent better in voluntary cases and not quite one-third of 1 per cent better in involuntary cases than creditors have received in cases not administered by the trust company.

Looking at the remaining data supplied by the Irving Trust Co. in its report, we find that according to the Irving Trust Co. report in the bankruptcy cases administered by the trust company it has paid to creditors $3,222,513.32 out of the total amount of $5,723,822.94 realized by it in those cases, whilst creditors received in cases not administered by the trust company $15,161,626.76 out of the total amount of $32,240,648.96 realized in such nontrust company cases; in other words, it claims that creditors under the trust company bankruptcy administration get nearly a tenth more than under nontrust company administration. Translated into another form, if creditors receive a dividend of 10 per cent under trust company administration they will get only a little over 9 per cent under nontrust company administration, a difference of less than 1 per cent.

That is the largest "economic gain" of trust company administration, according to the Irving Trust Co.'s own figures.

But at least five very substantial criticisms are to be made even of this claim.

First. A great deal was and is claimed for the supposed economic gain to creditors of bankruptcy administration by trust companies. But these figures of the Irving Trust Co. report show the economy is insignificant even at its best. It is a pretty poor showing for the much-heralded "economy" of the trust company receivership that only a gain of a negligible part of 1 per cent of dividends is shown. The Irving Trust Co. report is in truth an anticlimax. "The mountain labored and was in travail, and a little mouse was born."

But such result is only to be expected; for, after all, the Irving Trust Co. must act through men who however conscientious are not better equipped than other men for doing this work, indeed, are presumably less skillful at business failures than at banking.

Second. The figures of the report, moreover, show that a tendency exists for a decreasing dividend each and every year, to be given by the Irving Trust Co. to creditors as it continues in the work of bankruptcy administration, the current dividend even having sunk to the low percentage of 5.85 per cent.

At this rate, in another year or two the diminishing "economy" of the Irving Trust Co. is likely to turn into a veritable extravagance, for a banking corporation is altogether likely to become more and more overloaded and top heavy as it keeps on trying to do these essentially business men's jobs of administering insolvent estates.

Third. In calculating the expenses of administration of the bankrupt estates, in arriving at even the trifiingly better rate of dividend, which is all the Irving Trust Co.'s report claims, part of the actual expense of administration of bankrupt estates which it incurred is not used; that is to say, the total expense of administration incurred during the years of its receiverships for bankruptcy receivership purposes amounted, according to the figures of the report, to $1,368,744.45; but in getting up its present report for the public it only "uses" $404,873.35 of that sum. In other words, for the purpose of making the calculations of economy of its report the Irving Trust Co. uses only a portion of its actual receivership expenses. If they are proper receivership expenses of the cases closed, and closed cases only are proper to be included in getting at the comparative figures, they should all be included. But, then, if they were all included the expense of administration by the Trust Co. would be exhibited as enormously greater than the expense of administration in cases not administered by the Irving Trust Co. If, on the other hand, they include expenses incurred on pending cases not yet closed, then it is pertinent to inquire whether any portion of the receivership expenses are apportioned to the pending cases that ought to have been assigned to the closed cases. It is very easy to defer to later cases overhead expenses that might properly be assigned to the closed cases, thus increasing the present rate of dividends to creditors at the sacrifice of future dividends. What portion of the overhead expenses have been assigned then to the closed cases that are presumably all that this report is concerned with, and what have been deferred to later cases rests in the estimating capacity or volition of the trust company. We are not supplied with these essential data.

Fourth. Part of the compensation going to the Irving Trust Co. as receiver and trustee consists of the fees of "assistant" or "deputy" receivers and trustees—officers who were unknown in bankruptcy before the Irving Trust Co. became official receiver and trustee, and who have no place in the bankruptcy law as being entitled to compensation, which most stringently by its section 72 declares "that neither the * * * receiver * * * nor the trustee shall in any form or guise receive, nor shall the court allow him, any other or further compensation for his services than that expressly authorized and prescribed in this act." In fact, whatever the Irving Trust Co. as receiver or trustee receives as "compensation" is virtually "velvet," so to speak; that is to say, it is pay without work—pay for work done by others and paid for to others—namely, by "deputy receivers," and "deputy trustees" or "assistant receivers" and "assistant trustees" and "custodians." Receivers and trustees in bankruptcy are supposed to do all the business man's work involved in the administration and are supposed to receive their statutory commissions, and no more, for doing this work. In the Irving Trust Co. receiverships and trusteeships, however, the Irving Trust Co. itself does not perform the receivership and trusteeship business man's duty, but hires, at the expense of the creditors, "assistant receivers," "assistant trustees," or "custodians," who do all the practical business man's work and get salaries in addition to the trustee's commissions granted to the Irving Trust Co. by law. This is not only unwarranted extravagance but is clearly illegal.

Fifth. We have no way of verifying the figures as to the "other" than Irving Trust Co. receivership cases. Until we have the data given us as to these "other" cases, any deductions or comparisons are illusory.

Perhaps these other cases included precisely those many cases where the particular district judge, whose resignation under fire when charged with collusion and other misdoings, in the face of an investigation by Congress, marked the origin of the so-called "bankruptcy scandal." Also, perhaps, these "other than Irving Trust Co. cases" included cases marred, spotted, and bedraggled with the slime of misconduct on the part of some employees of the "official auctioneer" forced upon bankrupt estates by the court rules of the United States district judges, who would have, then, to bear the blame on their own shoulders. Also, perhaps, the Irving Trust Co. was given only good asset cases in the beginning, thus enabling it to achieve the 31.09 per cent dividend of its first two cases and the 29.81 per cent dividend of its second year's cases. If so, the apparent saving to creditors of even the negligible fraction of 1 per cent shown would probably dwindle to a distinct loss.

The facts lost sight of by the general public and also by the bar are that whatever "scandal" has arisen in bankruptcy administration in the southern district of New York had its origin in the misconduct of one district judge and the carelessness of

some others—a failure to live up to high ideals of the judicial office and a misconception of the importance of right bankruptcy administration, and that the administration by men chosen by the creditors is likely to be more efficient than that by bankers' assistants.

But in any event the Irving Trust Co. report, which has received much commendation from the senior judge of the United States district court, is, in effect, wholly beside the mark.

What the lawyers and general public, and especially the business men, want to know is: Why have the creditors been deprived of their fundamental right, conferred by the bankruptcy act, of choosing their own trustees and indirectly the attorneys to act for them in the business failures wherein they have lost their money? Why has this benevolent despotism of the Irving Trust Co. been imposed upon them?

And it is important for us at this point to make plain some facts that seem to have been forgotten.

THE FUNCTIONS OF RECEIVERS AND TRUSTEES IN BANKRUPTCY DIFFER FROM THOSE IN ORDINARY LITIGATION

In ordinary litigations where receivers are appointed, the receivers act merely as custodians for the preservation of the assets until final determination of the litigation between the parties. Meanwhile the parties themselves, with their respective attorneys, fight out the issues, and the court's final decree directs the receiver to dispose of the assets in his custody to the various parties who have thus been contending, according to the court's judgment.

All this is different in bankruptcy. Receivers and trustees in bankruptcy are not mere custodians. They are litigants. They are, indeed, the only ones who can litigate in behalf of creditors. All action in bankruptcy must be taken by the receiver or trustee or, if he refuses to act, then, upon leave of court, by one of the beneficiaries of the trust, who, however, must conduct the litigation in the receiver's or trustee's name and must bear the expense himself, besides indemnifying the receiver or trustee against loss, in the event the proceeds do not cover such expense.

To choose a receiver or trustee in bankruptcy, then, is to choose a litigant, not a mere custodian.

This distinction, it is submitted, lies at the basis of the misunderstanding on the part of some of the well-meaning United States district judges of the court's inherent "right" to appoint as bankruptcy receiver whomsoever it may think best. The courts have no more right to make their own choice of receivers and trustees in bankruptcy, who in turn appoint their respective attorneys to act, than they would have in the other kind of litigation, the ordinary litigation (where the receiver whom they appoint is a mere custodian) to dictate to this party, that party, and the other party, who shall carry on the litigation of the issues in the case in behalf of those respective parties.

SOME WAY MUST BE DEVISED TO GIVE BACK TO CREDITORS THEIR CONTROL OVER BANKRUPTCY ADMINISTRATION

The bankruptcy law is founded upon the fundamental principle that those who are the most interested in proper bankruptcy administration should be placed in charge of that administration, and such basis is unquestionably the right basis, for it is founded on human nature and on reason. And so bankruptcy law, which deals with that most helpless thing, an insolvent estate, places the choice of the trustee who is to administer the estate in the hands of the creditors, and implies that the receiver likewise should be their choice.

Bankruptcy law, after all, is only a law, and can not enforce itself. Any insolvency law depends, even more than most laws, upon the intelligence and fidelity to high ideals of the judicial officers in administering it.

The trouble with the administration of the bankruptcy act is precisely the courts' failure to accept and foster that "creditors' control" of bankruptcy administration which is intended by the bankruptcy act. At best, they have lacked in resourcefulness by instituting a trust-company monopoly in its stead.

Indeed, the Supreme Court's General Order XIV provides, and always has provided since the original enactment of the bankruptcy act, as follows:

"General Order XIV—No official or general trustee

"No official trustee shall be appointed by the court, nor any general trustee act in classes of cases."

"CREDITORS' CONTROL" UNDER MODERN CONDITIONS RIGHTLY MEANS CREDITORS' ORGANIZED ACTION

It is submitted by your committee that there is a general failure on the part of those complaining that the bankruptcy law has "broken down" and that "creditors' control" is "fundamentally unsound in principle" to recognize what "creditors' control" really means. Those who complain of the so-called apathy of creditors fail to note that business men nowadays take action in groups, generally by and through their respective "trade associations" or other organizations, not individually. The extent and value of such action is not always appreciated.

So in bankruptcy it is not to be expected that the individual creditors will come to bankruptcy meetings or attend bankruptcy court. Nor can the individual creditor be expected to bear the expense of the entire litigation when he has but a percentage interest in it and frequently but a small percentage interest at that.

There are some so-called trade associations that are in reality mere collection agencies masquerading under trade names. But many if not most of these associations are composed of upstanding, substantial, and right-minded business men of the particular trade, and when so the associations are definitely of great value to industrial society. The business men of the various trades meet together and talk over matters of common interest to the trade. Delinquent debtors whose affairs are found to have been conducted with honesty find the hand of helpfulness extended to them through the association; but where they are found to have been fraudulently conducting their affairs, then such action is taken as is deemed appropriate by their fellow tradesmen.

The Federal Bar Association has resolutely set its face against any corporation practicing law and will be found in the front ranks of those opposing such degradation of the profession.

But we do not view it as the practicing of law for a debtor to assemble his creditors at a common meeting place and talk over with them their common affairs. The opportunity thus to assemble in mutual conference only exists when there is a bankruptcy law, and such opportunity of mutual conference is one of the most valuable benefits of that law. The provision that creditors shall control the bankruptcy administration by the election of a trustee is in the law for that express purpose. Nor is it practicing law for a creditor or creditors to ask other creditors to cooperate in the selection of receivers or trustees. Lawyers, indeed, very properly are debarred from doing so.

THE DISTRICT COURT CAN EASILY KEEP THE BAR FREE FROM BANKRUPTCY RINGSTERS AND OTHER UNDESIRABLES

All the complaints against "bankruptcy ringster" attorneys can be done away with without any amendment of the bankruptcy act if the judiciary would pursue the simple course of fearlessly and without favor or fear of influence in the court's order of approval of the receiver's or trustee's choice of attorney, approve only proper attorneys. Those members of the bar who are engaged in bankruptcy practice in each locality are all well known to the judiciary. The black sheep among them would soon be eliminated from appointment as attorneys for receivers and trustees in bankruptcy if the judges would merely refuse to approve them and request the nomination of other candidates.

To be sure, "influence" is likely to be encountered and hard feelings engendered, but we expect fearlessness in the performance of duty on the part of our judges, especially Federal judges appointed for life.

TRUST COMPANY OFFICIAL RECEIVERSHIP DOES NOT DECREASE BANKRUPTCY FRAUDS NOR CRIMES, BUT TENDS ACTUALLY TO INCREASE THEM

Your committee further submits that, under the Irving Trust Co. official receivership régime, bankruptcy frauds and bankruptcy crimes have not decreased, but, quite to the contrary, as business men know, the bankrupts and their colluding friends and relatives have become more emboldened than ever, finding nothing now but a corporation without practical interest in the results at the head of affairs, interested in making a show of a trifling and doubtfully true economy and not personally interested in purifying the trades from credit frauds.

IRVING TRUST CO. IS CONSTITUTED "STANDING RECEIVER," ETC., AND CREDITORS AND THEIR ATTORNEYS ARE EXCLUDED BY ILLEGAL COURT RULES

Notwithstanding the obvious impropriety and lack of wisdom of excluding the very parties in interest in a legal controversy from selecting their representatives to act for them in the litigation, the judges of the United States District Court for the Southern District of New York have presumed to enact court rules and engage in a line of conduct that, we submit, directly frustrate the intent of the law by the following enactments:

First. By the enactment of its local bankruptcy rule 27, whereby the "Irving Trust Co. is designated as standing receiver."

Second. By the enactment of its local bankruptcy rule 22, whereby referees, who by law are precisely the "courts" to pass upon the validity of proofs of debt, powers of attorney, and the election of trustees, are required to "inform" creditors by printed notice of the "availability" and advantages of appointing the Irving Trust Co. and practically advising them to execute powers of attorney to the referee himself to vote for it for trustee—a most coercive intimation, but quite out of place, we submit. Thus, the referee is obliged to pass upon the validity of his own vote. This is an assumption of lawmaking power, we submit, that exhibits a most astounding misconception of the limitations of the judicial functions and of the separation of the judiciary from the legislature.

Third. By the enactment of its local bankruptcy rule 8, whereby any attorney who is acting for "the petitioning or other creditors or for any other person interested in the estate" is prohibited from acting as receiver's or trustee's attorney—another most oppressive and unfair rule.

It is, we submit, also an unmerited slight upon the capacity and integrity of creditors and their attorneys that they are thus prohibited by these improper court rules from taking the actual part in the administration of insolvent estates, even by their nomination of individuals to act as receivers or trustees, which belongs to them and is given to them by the law. All three of these rules ought to be abrogated.

Nor is it the sense of your committee that the United States district judges in appointing receivers should listen to the nominations of district leaders or political friends without regard to the wishes of the creditors themselves. This no more meets their approval than does the appointment of a trust company or any other fictitious creation of the law as "standing receiver."

Judges and referees in appointing receivers should take and even seek the suggestions of the creditors, both individually and

as cooperating in trade associations of the trades involved in the business failure. If they did so, they would find a different attitude in the community toward the bankruptcy court. Amendment of the bankruptcy act is not requisite to this end, for the judges can themselves do precisely this if they wish to do so.

SUGGESTIONS FOR THE IMMEDIATE ACTION OF THE FEDERAL BAR ASSOCIATION

Your committee, then, suggests as a proper first object of the Federal Bar Association that it present to the Federal judges of the southern district of New York a memorial embodying the principles of this report as regards bankruptcy rules 8, 22, and 27 with the prayer that they abrogate those rules, and also that the Federal Bar Association work for certain amendments to the bankruptcy act that would furnish the most solid and workable remedy for the correction of the abuses mentioned.

These proposed amendments, we submit, are not revolutionary, but are entirely in accord with the letter and spirit of the bankruptcy act and within the Constitution of the United States.

The first of these proposed amendments to the act does away with trust corporations as receivers or trustees in bankruptcy. It is as follows:

From section 45 (a) of the bankruptcy act, which now reads as follows:

"*Qualifications of trustees*

"Trustees may be (1) individuals who are respectively competent to perform the duties of the office and reside, or have an office in the judicial district within which they are appointed, or (2) corporations authorized by their charter, or by law, to act in such capacity, and having an office within the judicial district within which they are appointed."

it is proposed to eliminate subsection (2) altogether, and to amend the rest of the section to cover receivers as well as trustees so that the section when amended shall read as follows:

"*Section 45. Qualifications of receivers and trustees*

"Receivers and trustees must be individuals who are respectively competent to perform the duties of the office and reside, or have an office, in the judicial district within which they are appointed."

By this amendment would be eliminated trust companies and all other fictitious creations of the law from being receivers or trustees in bankruptcy.

It is the sense of your committee that that many-headed, yet, in action, headless fiction of the law, the "invisible," "intangible," "soulless" creation of the statutes called a corporation has no proper place in the office of receiver or trustee in bankruptcy.

That office demands a living, sentient being. The double fiduciary relation that receivers and trustees in bankruptcy bear, in greater than ordinary degree, to their beneficiaries, the creditors, on the one hand, and to the court on the other hand, requires something better than the clerical function of an employee of a trust company, and especially is such a corporation unsuited, because of its ever-shifting corps of assistants, depriving creditors of the advantages of a continuous administration. A trust company, to be sure, is responsible without the giving of a surety company bond, and it can always be reached by legal process, but individual receivers and trustees in bankruptcy give surety-company bonds and can be reached by process quite as well, and we submit that fewer defalcations have occurred in that office than in any other similar office in the United States, and that creditors have no need of fear of loss, so long as the judge of the bankruptcy court approving the surety-company bond is performing his duty.

The second of these proposed amendments recognizes the fact that the creditors of a failing debtor can, as a general rule, procure the cooperation of sufficient other creditors to constitute the requisite statutory majority in number and amount of the creditors of the insolvent debtor, who will forthwith work together for the nomination of a receiver and trustee.

To carry out this principle your committee further proposes to add to section 69 of the bankruptcy act a further paragraph to be designated (b), and to read as follows, to wit:

"*Section 69. Possession of property*

"(b) Whenever, under section 2, subdivision 3 of this act, a receiver is appointed by the court, if a majority in number and amount of the creditors, as estimated by the court, exclusive of relatives or stockholders, officers or directors of the bankrupt, shall nominate a person qualified under section 45 of this act, to be receiver, such nominee shall, except for adequate cause fully stated on the record, be appointed receiver; and for the purpose of such estimate the bankrupt shall forthwith, or any interested party may, file in court a list of the bankrupt's creditors with their respective names, addresses and amounts of claims, so far as the same may be known to the bankrupt or such party respectively."

The third and last of these proposed amendments recognizes the fact that in many cases the debtor and his creditors have already cooperated in the placing of the debtor's assets in the hands of an assignee approved by his creditors, though such assignment is void, and always has been void, and properly so, under the bankruptcy law, if bankruptcy follows within four months. To carry out this principle your committee proposes a further amendment to section 69 of the bankruptcy act by adding thereto still another subdivision to be subsection (c), reading as follows:

"(c) An assignment for the benefit of creditors, made within four months before the filing of a bankruptcy petition by or against the debtor, upon which adjudication of bankruptcy is ultimately had, shall be void and the assets shall be administered in the bankruptcy court; but if at the time of such filing the assignee under such assignment is in charge of the bankrupt's assets, and said assignee was theretofore selected or approved by a majority in number and amount of the bankrupt's creditors, or is approved in writing by such majority of creditors duly filed in court within five days subsequent to the filing of the list of creditors hereinafter provided for, or within such time as the court otherwise may fix, such assignee shall upon motion duly made be appointed receiver in bankruptcy, unless his appointment be not forthwith applied for or unless it be denied for adequate cause stated on the record; and as such receiver he shall be vested with all the rights and obligations of a receiver under the bankruptcy act, until the appointment and qualification of the trustee, unless sooner removed for cause; but his entire compensation for all services, both prior and subsequent to his appointment as such receiver, shall be limited to his compensation as the receiver in bankruptcy; but such assignee shall not be eligible to appointment if any agreement or understanding exists that his compensation as such receiver is to be turned over, in whole or in part, to any other person or association.

"And for the purpose of such appointment the bankrupt shall, or any interested party may, file in court within two days after the filing of the bankruptcy petition or within such period of time as the court may by order designate a list of the names and addresses of all said bankrupt's creditors so far as the same are known."

It is the feeling of your committee that the abrogation of the specified local bankruptcy rules and the adoption of these suggested amendments to the bankruptcy act are worthy objects for the work of the Federal Bar Association of New York, New Jersey, and Connecticut; and it is confident that if the changes in the local rules are not voluntarily made by the district judges themselves, Congress will see that these simple amendments will correct the real abuses that exist in the bankruptcy field and propagate and preserve the right ideas and ideals in this important field of bankruptcy law, and will itself enact the requisite legislation to that end.

Harold Remington, chairman; Robert Daru; Alfred C. McKenzie; L. L. La Vine; Bernard Austin; Samuel C. Duberstein, vice chairman; Irving Eisenberg; Samuel B. Seitel, secretary; George Furst; J. G. M. Browne.

NOTICE OF MOTION TO SUSPEND THE RULES

Mr. JOHNSON. Mr. President, will the Senator yield to me?

Mr. LONG. I yield.

Mr. JOHNSON. I want to file a motion to suspend the rules in relation to the next appropriation bill, which it is assumed may come before us to-morrow. I ask unanimous consent that the motion be not read, but that it may be filed.

The PRESIDENT pro tempore. The motion will be entered.

Mr. JOHNSON'S notice of motion is as follows:

Pursuant to the provisions of Rule XL of the standing rules of the Senate, I hereby give notice in writing that I shall hereafter move to suspend paragraph 4 of Rule XVI, for the purpose of proposing to the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes, the following amendment, viz, on page 87, after line 15, insert the following:

That all materials and supplies purchased by any department of the Federal Government, and all materials and supplies furnished by contractors doing work for the Federal Government, shall be produced within the limits of the United States, except (1) materials or supplies which can not be purchased in the United States; (2) articles produced or supplies purchased for experimental purposes; and (3) materials or supplies of foreign production authorized expressly by law.

That notwithstanding any provision of law to the contrary, the heads of the several executive departments and independent establishments of the Government shall, within the limits of the United States, purchase or contract for only articles of the growth, production, or manufacture of the United States, unless the interests of the Government will not permit, notwithstanding that such articles of the growth, production, or manufacture of the United States may cost more, if such excess of cost be not unreasonable: *Provided, however,* That there shall be excepted from the provisions of this act articles or supplies grown, produced, or manufactured outside of the United States if there be no articles or supplies of that kind or of a suitable quality grown, produced, or manufactured in the United States in commercial quantities: *Provided further,* That the findings of the contracting officer under such regulations as the head of the department or independent establishment concerned may prescribe shall be conclusive.

BANKING ACT

The Senate resumed the consideration of the bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations, to regulate interbank control, to prevent the undue

diversion of funds into speculative operations, and for other purposes.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Louisiana [Mr. LONG] to the amendment proposed by the Senator from Michigan [Mr. VANDENBERG].

Mr. LONG. Mr. President, I want it understood that I am awaiting the perfecting of an amendment to the appropriation bill which we have had under consideration here to-day and as soon as that shall have been secured; I will again yield the floor. I have no intention of doing anything except expedite the passage of the appropriation bill as soon as the Senator from Tennessee and the Senator from Michigan shall have agreed on their amendment.

Mr. LEWIS rose.

Mr. LONG. Does the Senator from Illinois want me to yield to him?

Mr. LEWIS. I was greatly interested in the Senator's discussion and was anxious to find to what point he was addressing himself.

Mr. LONG. For the last three hours we have been engaged in the discussion of an amendment to the deficiency appropriation bill. The Senator from Tennessee [Mr. MCKELLAR] is in the course of perfecting the amendment so as to provide that refunds on income taxes may not be made unless the Joint Committee on Internal Revenue Taxation of the House and Senate shall have probed into the matter and approved it. That has been practically agreed to; and when Senators have perfected the amendment and returned, then I shall agree to a unanimous-consent request that we may proceed with that matter.

In the meantime I wish to discuss the amendment pending to the branch banking bill. This has been one of the most unusual procedures followed with an important bill that has ever been known to the Congress. There has never before been anything like this done in Congress within my memory, since I have been here or that I ever heard about. The branch banking bill was introduced one day, the rule was suspended, and it was referred to a committee the same day; the committee met and reported the bill out the same day, and brought it back into the United States Senate. No man was ever heard on the bill that is now before the United States Senate. It has torn the Federal reserve act into threads and into less than threads. It has stricken out of the law a provision under which the people have lived for more than 18 years and from which they have derived millions and millions of dollars. The bill was introduced, sent to a committee, and brought back from the committee the same day it was introduced in the Senate, and no man has had a right to raise his voice or to be heard on the bill in a committee of this Congress.

The bill covers not only branch banking, which I am now discussing and which I shall further discuss, but it goes even farther. Let me tell distinguished Senators that they do not even know upon what they are legislating. I say that with all kindness. It has never been called to our attention. The sponsors of the bill have stricken out the franchise tax that is provided in the Federal reserve act. Section 7 of the old Federal reserve act reads:

> After all necessary expenses of the Federal reserve bank have been paid or provided for, the stockholders shall be entitled to receive an annual dividend of 6 per cent on the paid-in capital stock, which dividend shall be cumulative. After the aforesaid dividend claims shall have been fully met, the net earnings—

Here is the part that is stricken out—

> the net earnings shall be paid to the United States as a franchise tax.

After we have paid these Federal reserve banks a dividend of 6 per cent under the law that now exists, the net earnings above 6 per cent which have been earned under the guidance of the Government are to be paid to the United States as a franchise tax. But instead of incorporating that provision in the pending bill, the committee have deleted that language from the Federal reserve act so that the United States Government no longer draws the franchise tax. No one has been heard in behalf of the people of the United States, whose millions and millions of dollars are being taken away from them by this bill. The bill was introduced in the Senate on one day, sent to the committee the same day, reported back from the committee the same day, and lodged in the Senate and put on the calendar with a "hurry, hurry, hurry" order, denying these hundreds of millions of dollars of the money of the people of the United States that had been provided for them in the law as it was written in 1914. I want to read all the language that has been deleted. The sponsors of the bill have taken out these words:

> Shall be paid to the United States as a franchise tax except that the whole of such of net earnings, including those for the year ending December 31, 1918, shall be paid into a surplus fund until it shall amount to 100 per cent of the subscribed capital stock of such bank and that thereafter 10 per cent of such net earnings shall be paid into the surplus.

Mr. President, the committee would have had just as much reason to give the bankers the other revenue that is provided by that same section to go to the United States. What kind of legislation are we having here for the people of America?

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield to enable me to suggest the absence of a quorum?

The PRESIDING OFFICER (Mr. NEELY in the chair). Does the Senator from Louisiana yield for that purpose?

Mr. LONG. I do.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Kendrick	Sheppard
Austin	Cutting	King	Shipstead
Bailey	Dale	La Follette	Shortridge
Bankhead	Dickinson	Lewis	Smith
Barbour	Dill	Logan	Smoot
Barkley	Fess	Long	Steiwer
Bingham	Fletcher	McGill	Swanson
Black	Frazier	McKellar	Thomas, Idaho
Blaine	George	McNary	Thomas, Okla.
Borah	Glass	Metcalf	Townsend
Bratton	Glenn	Moses	Trammell
Broussard	Goldsborough	Neely	Tydings
Bulkley	Gore	Norbeck	Vandenberg
Bulow	Grammer	Norris	Wagner
Byrnes	Hale	Nye	Walcott
Capper	Harrison	Oddie	Walsh, Mass.
Caraway	Hastings	Patterson	Walsh, Mont.
Carey	Hatfield	Pittman	Watson
Cohen	Hayden	Reynolds	Wheeler
Connally	Hebert	Robinson, Ark.	White
Coolidge	Howell	Robinson, Ind.	
Copeland	Hull	Schall	
Costigan	Johnson	Schuyler	

The PRESIDING OFFICER. Eighty-nine Senators have answered to their names. A quorum is present.

Mr. LONG. Mr. President, I am at a loss to understand some of the very clear provisions in this bill. They take away from the Government revenue that the Government now has. It seems that if I would undertake to describe the bill creating the branch-banking system, contributing $125,000,000 of the Government's money to it and taking away from the Government the franchise tax, it would be necessary for me to say that this is apparently the most beneficent legislative action ever taken by the Government to promote monopoly. We had an antitrust law in this country; that is, some people thought we had one. It was employed once or twice to some little effect with some of the big companies of the country. We set it up as a standard against malice and wrongfulness that anyone undertaking to monopolize business or finance would do so at the peril of criminal prosecution.

We not only have been asked by this particular banking bill to allow monopoly, but we are called upon to waive our rights of criminal prosecution for violation of the law and above that we are called upon to wipe out the little men who have not violated the law. Just because the little bankers have observed the law and undertaken to live according to the law, we are to put a new law on those bankers and put them out of business in order to accommodate the group banks who have paid absolutely no attention whatever to the statutes of the Government. Then we are called upon by this nefarious legislation—and I use that in a charitable sense in so far as its sponsors are concerned—we are called upon by this proposed nefarious legis-

lation to give to these banking monopolies the franchise tax which has been enjoyed for months and years by the United States Government.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Oklahoma?

Mr. LONG. I yield.

Mr. THOMAS of Oklahoma. Can the Senator advise the Senate how much the Federal reserve banks have paid the Federal Government as excise taxes since the bill was passed in 1916?

Mr. LONG. I can not. I understand it is a considerable amount of money.

Mr. THOMAS of Oklahoma. Is it correct that when the Federal reserve banks pay their operating expenses, if there has been an excess for any year, that excess shall be paid to the Government as an excise tax?

Mr. LONG. After a 6 per cent dividend has been paid, the balance of their net earnings goes to the Government as a franchise tax.

Mr. THOMAS of Oklahoma. It is true that under this bill in the future these banks will not pay the Government an excise tax?

Mr. LONG. They will not.

Mr. THOMAS of Oklahoma. What becomes of their profits in excess of their expenses?

Mr. LONG. They go to the monopolies that are fostering the chain-banking system.

Mr. THOMAS of Oklahoma. Does the Senator understand that the Federal reserve banking system is a quasi-governmental system or a private banking system?

Mr. LONG. I had wanted to understand that it was a governmental system; but the way they have allowed these chain-banking groups and big interests to violate the law, they have turned it into a private institution.

Mr. THOMAS of Oklahoma. Is it not a fact that the Government prints the currency and sells it to the Federal reserve banks for about 75 cents per $1,000?

Mr. LONG. That is my understanding.

Mr. THOMAS of Oklahoma. And after the Federal reserve banks are enabled to buy a thousand dollars of currency for 75 cents, that the Federal reserve banks can issue credit to the extent of ten times that amount of currency for which they pay nothing? In other words, the Federal reserve banks can acquire a thousand dollars for 75 cents; they can loan a thousand dollars and get what interest their discount rate will permit, and, in addition, they can loan $10,000 in credit against that $1,000 and likewise get interest from that. So, out of 75 cents for an indefinite period the Federal reserve banks have $11,000 they can loan and on which they can collect the rediscount rate.

Mr. LONG. That is my understanding.

Mr. THOMAS of Oklahoma. And the gigantic profits they have made during the past 15 to 17 years have enabled them to build up gigantic banking institutions in the 12 Federal reserve cities; and now, when they have their bank buildings erected and have many employees—in the case of a New York bank, 1,100 employees, or thereabouts, with which to operate that bank—from this time henceforth they will keep this excess instead of paying it to the Government as an excise tax. Is that the Senator's understanding?

Mr. LONG. It is not only my understanding that they will keep the excess but that they are being instructed and encouraged, in order to keep the institution efficient, to reduce the wages of their employees so that none of them can get what even they were paid before when the banks had to pay the Government the excise tax.

Mr. THOMAS of Oklahoma. Is it not a fact that the Federal Treasury could very well use that franchise tax at the present time?

Mr. LONG. I am informed that the Secretary of the Treasury says he could do so, and that is what I understand. He is willing now to have a sales tax levied in order to get more money. The great holler around here has been, "We can not balance the Budget"; and yet, while the people of the country are begging for rations, the proposal is urged to give the monopolistic banks of this country thousands and millions and hundreds of millions of dollars that belong to the people, and the people of the United States have not even been given a hearing on this piece of legislation. It is the most monstrous thing to talk about these banks being allowed to pyramid the issuance of currency until they can get $11,000 by putting up 75 cents of out-of-pocket money. The Government is supposed to get back all they make over a legitimate profit of 6 per cent and operating expenses, but we find here the distinguished Senator from Virginia introducing a bill one day, sending it to a committee the same day, and coming back to the Senate with the same bill the same day, proposing to take all the money that has been going into the United States Treasury from these banks and putting it into the pockets of the banking monopoly, and, in addition, giving them $125,000,000 more, with the encouraging information that this will enable them to throw out of work about a third of the employees whom they are now having to pay. It is a most monstrous proposition. There has never been heard of anything like this in my day or in my time—trying to put this bill over on the people with no hearing. No wonder the Senator from Virginia—and I am sorry he is not here, but I do not think he wants to be——

Mr. GLASS. Oh, yes; he is here. [Laughter.]

Mr. LONG. I beg the Senator's pardon. Hereafter I will watch the doors rather than the seats. No wonder that the Senator from Virginia, in the brief debate we have had here on the appropriation bill, spoke lustily to protect big income-tax payers from extortion, and little ones, too, I take it, would come under that rule. The trend of the argument as reflected in this bill is apparently that the Government Treasury does not need the money, for the bill proposes as it is being pressed for consideration to eliminate the franchise tax altogether.

Now, here is a paragraph that through some oversight the authors of the bill did not strike out. This is from the original Federal reserve act:

> The net earnings derived by the United States from Federal reserve banks shall, in the discretion of the Secretary, be used to supplement the gold reserve held against outstanding United States notes, or shall be applied to the reduction of the outstanding bonded indebtedness of the United States under regulations to be prescribed by the Secretary of the Treasury. Should a Federal reserve bank be dissolved or go into liquidation, any surplus remaining, after the payment of all debts, dividend requirements as hereinbefore provided, and the par value of the stock, shall be paid to and become the property of the United States and shall be similarly applied.

I want the Senator from Oklahoma to note this. They have very liberally stipulated that the United States Government shall use the net earnings to retire the notes of the Government that are outstanding, but they have stricken out the provision with regard to net earnings from the franchise tax. Some one evidently has been guilty of a very serious oversight; they have left in the provision as to what shall be done with the money, the net earnings supposed to be derived from the franchise tax and otherwise; but they have stricken out the preceding several lines under which the United States Government got the net earnings.

Mr. President, this bill ought never to have been brought to the Senate. There is somebody to be considered other than the banks.

Mr. President, if we want to protect bank deposits, here is a way by which to protect them without costing the Government anything; in fact, it will give the Government money at the same time. The net earnings that these banks make above 6 per cent ought to be paid into the United States Treasury and used in the public interest for the protection of the depositors, in the prevention of bank failures, as well as for the liquidation economically when member banks suspend for any reason. We could take these net earnings and the United States Government could use that money if it did not need it in the Treasury—and I contend it does—to set up from time to time in the United States of America

a fund for the protection of depositors that would far exceed any fund which may be derived under this bill, and the people of the United States would not have to put up $125,000,000 to do it.

But instead of doing that, this bill strips the Government of the right to these net earnings; it strips the Government of the income from the franchise tax; it takes that money and puts it back in the hands of these monopolies and gives them authority to put branch banks all over the United States and empowers them in such a way that no independent bank can cope with them. The sponsors of the bill deprive the Government of its revenue in order that this monopoly may become more powerful, and then talk about the condition of the Treasury.

Who is it who has been raising all this howl about the condition of the Treasury? The very men who are going to vote to take the franchise tax away from the Treasury and give it to this banking monopoly are the same men who yelled to their lungs' limit on the floor of the Senate that we had to impose a sales tax in order to balance the Budget. The very men who stood here and burned the midnight oil claiming that they had to get more money for the United States Government because they had to balance the Budget are the very set of men who are sitting in the Senate to-day trying to put this bill over on the American people without a hearing and to take from the United States Treasury the profit it is getting to-day from the franchise tax on these banks. Yet they are the smart men in this situation. They know what it is all about. We do not. If they had given us a hearing, we might have learned something about it; I do not know as to that, it is doubtful; but, at least, somebody learned something, because the Senator from Virginia had one bill and, after a hearing on that bill, he withdrew it and then put in another bill. A hearing was had on that, and he withdrew that; but when he put this one in, he would not let them have any hearings. The chances are that he would have withdrawn this bill if there had been a hearing. I do not believe the Senator from Virginia, if he understood this bill, would be for it for a moment. I do not believe even the pride of authorship would persuade the Senator from Virginia to stand for this bill with the kind of provisions I have noted in it.

Mr. President, I have in my hand a newspaper, one of our leading public journals, the Daily Advance, published in Lynchburg, Va. Some one tells me that this newspaper is owned by the Senator from Virginia. I myself was once in the newspaper business, in fact, more than once.

This article, printed in the Daily Advance, I am sure has escaped the attention and notice of the Senator from Virginia, because this is a big paper. I used to write most of the stuff that went in my paper; but these big publications of this day and time do not have a chance even to attract the attention of the owners when they are engaged in big business or legislative work which I can well understand taxes all their time and physical effort. But this paper has an editorial. The editorial quotes from the Senator from Virginia about two-thirds of the way down the line and then takes me up. After quoting the Senator from Virginia, it says:

> The Louisiana Senator cares nothing about senatorial courtesy. He has exhibited a distaste for anything that might be connected with decorum and proper procedure in discussing matters of vital importance. There is no subject upon which he does not discourse with violence and at length. If garrulity—

I never saw that word before. [Laughter in the galleries.]

> If garrulity constituted the measure by which a man's ability is determined, Senator LONG should be a howling success. We have no doubt, as Senator GLASS seems to have no doubt—

Somehow or other it happens that the paper and the Senator agree [laughter in the galleries]—

> that the "Kingfish" will decide every national problem with promptness and precision and the Nation will soon proceed to return to normal conditions. If talk is all that is needed to direct this country into the paths of economic and financial stability, the other 95 Members of the United States Senate should graciously turn over the floor of the upper body of Congress to the Louisianian and retire to more peaceful pursuits than the business of trying to remedy national ills.

Mr. President, I am very much grieved that I should have inspired any such comment as that. I must confess, in defense of whatever conduct brought about such criticism, that in my compelled ignorance of rules and customs, my lack of knowledge of the formalisms and procedures which govern this body, my eagerness and hope that somewhere, somehow, sometime, and by some means I might grab a strangle hold and preserve some little, insignificant right belonging to the public when they are being taken away by the big banking interests—when I saw a bill that had been introduced one day, brought back that day, not heard, nobody heard from, in my eagerness I jumped up at the earliest possible moment to see that somebody, somewhere should be heard at some time in defense of a proposition by which an unbalanced Treasury was being deprived of the earnings and the little banks of the country were being swallowed up and not even being given a chance to be heard about it.

There is such a thing as courtesy belonging to the people. We do not ask for any courtesy. We ask for something to eat. We ask for something to wear. If we can have that, we will give you the floor all day, or all the week, or all the month. We are asking for something for these people in this land of too much. We do not care about the little formalisms and practices. We are willing to concede you every right on the living face of the earth. In fact, we do not even know how to preserve what rights we have had. But if some one wants to talk here about discourtesy—which I hope can not be successfully charged to me, but if it can I apologize for it—what are you going to say about the 120,000,000 of American people who have seen this land of too much to eat become a veritable center of starvation?

These letters continue to come in. Here is another one from Virginia. I get them from every other State in the Union, or, perhaps, I should say nearly every one. Here is how another one of our Virginians looks upon the matter. He says:

> I desire to call attention to what the large banks did to the small banks in this country from 1914 to 1929.
>
> These large banks sold worthless foreign bonds to about all the small banks throughout the country to the extent of $16,000,000,000 at a small discount on the face of the bonds. Then the crash came, and busted thousands of small banks throughout the country. Now Senator GLASS comes along with his banking bill. He wants the Government, by the provisions of his banking bill, to accept these worthless foreign bonds as security for bank circulation. He would have the Treasury of the United States accept these worthless foreign bonds, which he calls "eligible paper," at their face value for bank-circulating notes.

Mr. President, I had not understood that that was part of this bill. I had not so understood it. I have not had any chance to study the matter as I should like to, but this gentleman writes as though he were a pretty well informed man from the State of Virginia. He gives his home as Vienna, Va., and he writes like a man who is pretty well informed. This is a matter that ought to receive the most careful scrutiny and investigation, because if the large banks were able to unload $16,000,000,000 of foreign bonds on the little banks of this country, even while we maintained them as supposed-to-be separate units, think of the particular opportunity which they would have to float these bonds if they were branches direct.

This letter continues further:

> This is Senator GLASS's way of inflating the currency; but the option to inflate the currency with circulating notes would be held by the big banks, and they would not inflate the currency with the circulation received. The big bankers are to a man against inflation. They can not corner all the money when the currency is inflated.

Mr. President, I do not know just how well founded this statement is. It does not sound to me as though it could possibly be correct; but when I first heard the assertion, I did not think it could possibly be correct that the Glass bill was taking away from the United States Government the excess earnings and the franchise tax. If it had been anybody less than the man who wrote the Federal reserve act in the United States Senate who brought me that information, I would not have believed it; but when I see things of that

kind in this bill, I do not know what is in the bill, and I am afraid the Senator from Virginia does not know what is in it.

I wish to read now just a little extract from a letter that I received from New Jersey. The letter is dated January 8, 1933. It is from a citizen of East Orange. In it he compiles a number of statistics. If there is any error in the statistics—which I am sure there is not, because they seem to be very well copied—I shall, of course, ask permission to correct them or to be corrected.

He says:

I have just read in the American Banker that 200 branches (bank) have been closed in Canada since January 1 to November 30, this year. In 1921 Canada had 4,659 branches, and on June 1, 1932, they had a total of 3,699 branches of 11 banks.

That means that in that length of time, from 1921 to 1932, out of the 4,600 banks they closed down about 1,000 of them. In other words, they closed about 25 per cent of these Canadian banks from 1921 to 1932 under this great branch-bank system that they tell us they are going to give us here; but that is not half the story. They not only closed those banks, but listen to what else they had to do.

This letter continues:

I received a statement from the Minister of Finance of Canada showing Canada had 26 bank (home) failures—

That is, 26 of the head-bank failures—26 failures of the big banks with branches—

had 26 bank (home) failures, with a total of 340 branches, since 1867, the date of federation, to 1923.

They have only 11 of them now, and they have had 26 systems closed down.

The total deposits of the failed banks—

This is a very significant thing that I wish Senators to see. It cuts the ground from under any kind of an argument that they are trying to make in defense of chain banks based upon what has happened in Canada; and I will go further and show you so many more things against it that you can not even consider it.

The total deposits of the failed banks were $37,987,748, and the actual losses to depositors were $13,754,000.

Out of $37,000,000 of deposits, they lost $13,000,000 of their depositors' money.

Now, compare these figures with the total loss to the depositors in failed banks in the United States in the same period, and you have the statement of the Comptroller of the Currency in his report of 1931 that shows an actual loss of only 11.6 per cent, and the total deposits in all banks in Canada were about $2,000,000,000, compared to the total deposits in the United States in all banks of over $50,000,000,000. Also compare over 110,000,000 population in the United States to about 10,000,000 in Canada, and over 28,000 banks in the United States to 26 banks in Canada in 1923. The depositors' loss in Canada was over 30 per cent compared to 11.6 per cent loss in the United States to depositors in failed banks.

In other words, you have 11 per cent against 30 per cent on what Canada has done as compared to what the United States has done; but do not let me forget to tell you that that is not half the story. That is not one part of it. On the contrary, Canada did not pay them off as well as these figures indicate, and nothing like as well, because when England went off the gold standard the Canadian banks paid off these depositors in a depreciated currency, a dollar of which was worth only 66 cents at the time of the payment, whereas in the United States these banks paid off in an appreciated currency, a dollar of which was worth $1.50 at the time they paid it off. The United States banks paid off with an appreciated currency of $1.50 to $1, and our depositors lost 11 per cent. The Canadian banks paid off in a depreciated currency of 66 cents for a dollar, and their depositors lost 30 per cent; and that is not half the story, still. That does not even start to tell the tale.

The banks of Canada did not furnish any such thing as a banking service to the people of Canada. They do not do it now, and they never have done it. They have as many resources in Canada as we have in the United States, practically all of them. I mean to say that at least from 50 to 60 per cent of the assets of the banks of that country are in government bonds.

They do not do a commercial lending business. Such a thing as trying to furnish capital by credit sufficient to carry on business is almost unknown to the banking system of the Dominion of Canada.

Gentlemen talk about England. We are told in one breath by the great students of history, and of science, and of psychology, and economics, and everything else that goes with them, that the finances of England broke down and broke the financial structure of the United States Government. They tell us that it was the great failure of the currency of England that had held up the pound sterling as the standard of value throughout the civilized world, from a time when the memory of man runneth not to the contrary. They tell us that England was so important to the financial structure of the United States that it was the fall and the failure and the collapse of the banking and currency structure of England that brought down the United States in the fire that was sweeping across the Atlantic. Although they tell it was England that brought us down, although it was England that failed, England that went off the gold basis and made the pound sterling fall approximately 30 per cent in value, in the next breath they say to us that we, who have suffered and failed as a result of the collapse of England, should swallow the branch-banking system on the example of England, which in one breath before they told us had meant our own collapse as well as its own.

Smart men! They understand that logic; I do not. They understand just what that means; I do not. I have never been able to understand it. I was taught that a straight line represented the shortest distance between two points; but that does not count in this kind of legislation; that does not work.

I was taught that a man facing the east would travel to the east; but that does not work. We are told here that a man who travels in the direction of the collapse of the pound sterling in the world market, by adopting the science and the statistics of Canada and England, is going to find solvency where they found financial collapse, and they are the statisticians who have given the information upon which all of these tests are made.

Now, I want to read a little further from this letter. I want to inquire, if I may, Mr. President, from the Senator from Maine [Mr. HALE] and the Senator from Oregon [Mr. MCNARY] whether it is going to be their desire to take up the deficiency bill this afternoon? I do not want to have it understood that I am holding that up. I am merely undertaking to carry the Glass bill as far as I can this afternoon, but not to interfere with the appropriation bill. If they want to go on with it, I am ready to yield the floor at such time as they see fit to take the appropriation bill up.

Mr. MCNARY. In the temporary absence of the Senator from Maine I may advise the Senator that a little later in the afternoon we shall probably ask him to yield.

Mr. LONG. Very well. The letter to which I have heretofore referred reads a little further:

England is about the size of New York State, and they have five banks (called the Big Five) that control 95 per cent of the banking system of England; they have thousands of branches throughout the Empire.

If we adopted that system in America, you would create a system that would be more powerful than the Federal reserve system, and they could and would dictate to the Federal reserve bank and to the United States Government itself what should be the proper functions regarding banking according to their way of thinking, which, of course, would be for their benefit only.

Which is correct, and apparently this bill foresees the necessity of the Government's getting its house in order to have the Federal Reserve Board dictated to by these banks, rather than having the board dictate to the banks. Why? The Government has stopped taking their revenue, which now supports the Treasury and the Government and builds levees and roads and runs the post offices. The Government is giving the revenue back to them. That is not all the Government is doing. It is putting up $125,000,000

more of Government money. That is not all the Government is doing. It is putting the stamp of approval on group banking, which they have maintained in the teeth of the law.

Billions of dollars the Federal reserve bank loaned the New York banks prior to the smash of October, 1929; and this money was in turn loaned to Wall Street brokers, who in turn carried speculators so they in turn could buy stock on margin. They bought stock that was paying dividends from 4 per cent down, and the money cost them as high as 18 per cent. But the United States Government loaned the money out of the Federal reserve system to the banks to do it. At a time when the farmers of this country were practically without such a thing as credit at all, the money was loaned that cost as high as 18 per cent, with the United States Government knowing at the time that they were buying stocks that were not paying over 4 per cent.

Take United States Steel. They were paying about $250 for $100 worth of par stock of United States Steel, and United States Steel never had paid over 5 or 6 per cent dividend, as an ordinary proposition. Yet, they had United States Steel up to where they were paying $250 for $100 par value, and the United States Federal reserve system was financing it.

Take the American Telephone & Telegraph Co., a good corporation. I know that, because I investigated the telephone rates in my State when I was chairman of the public service commission of that State for a number of years. They were paying a dividend of 9 per cent a year, but they had that telephone stock up to where it was selling, I think, for as high as $385 for a hundred-dollar share, and the highest return they could possibly get was a little over 2 per cent for something that the Federal Government was allowing them to finance at a rate of interest so high that it could not possibly carry itself.

Everyone knew that except the governors of the Federal reserve bank. The following report made by the Federal reserve bank in their September 11, 1929, bulletin should give all food for thought to show how the Federal reserve law was abused. (This is a mild word to use.)

Federal reserve bulletin, September 11, 1929:
For own account of New York banks, $1,017,000,000.

Out of the $5,500,000,000 of United States Government currency there is not actually, outside of the money to pay checks and run stores, $800,000,000 in the banks to carry on business to-day, and they had at that time a billion dollars and over in the account of the New York banks.

For accounts out of town banks, $1,841,000,000.
For "others'" account, $3,616,000,000.
Total loans made by the New York banks, $6,474,000,000.

Total loans in 1929 made by the New York banks alone were $6,474,000,000 when the entire circulating currency of the United States Government, all put together, was but five and one-half billion dollars.

Six and a half billion dollars were loaned to the accounts of the New York banks, with a circulating medium of only five and one-half billion dollars in the entire length and breadth of the United States; and how much would it have been if they had had the chain-banking system legalized at that time? Talk about a collapse! We would never have heard of such a collapse on the face of the earth as that which would have occurred at one time if they had held the responsibility for loans they farmed out to the United States under the New York banks in 1929.

Stock exchange report, August 31, 1929:
Total loans from all sources, $8,000,000,000.

Against a circulating currency of the United States of five and a half billion. That is just what each of these is. You add one to the other to get the total amount.

The point I am making is that if we assume the Federal reserve bank was within the ghost of gunshot distance of right, it would be to-day so clear to every man here that he could see it as clean as the noonday sun, that it is impossible to carry on the business of the United States to-day with a circulating currency of only five and a half billion dollars with that kind of paralysis and collapse.

It is impossible to do it. Yet this bill is designed, we are told, is being put up and advocated, chiefly in its various and sundry branch-bank features, in order to keep the United States Government from remonetizing silver or inflating the currency. We are told that this kind of legislation is necessary to keep that down.

To return to branch banking, Mr. President, here is branch banking analyzed again:

1927: Number of banks, 3; branches, 7; deposits, $2,851,000.

1928: Number of banks, 4; branches, 8; deposits, $2,895,000.

1929: Number of banks, 10; branches, 18; deposits, $19,995,000.

The branches were just beginning to go to work and defy the law.

1930: Number of branch banks that failed, 40; branches, 149; deposits, $350,310,000.

1931: Number of branch-bank failures, 96; branches, 241; deposits, $457,134,000.

In other words, the number of branch banks that failed increased from 3 in 1927 to 96 in 1931. They failed in 1927 for $2,800,000, and in 1931 they closed for $457,000,000. The number of branch banks increased every year. Now, pay attention to the figures for other banks:

1927: Six hundred and sixty-two individual banks failed for $193,000,000.

1928: Four hundred and ninety-one individual banks failed for $138,000,000.

1929: Six hundred and forty-two unit banks failed for $234,000,000.

1930: One thousand three hundred and forty-five unit banks failed for $864,000,000.

1931: Two thousand two hundred and ninety-eight units failed for $1,691,510.

A comparison of these figures shows that in 1927 one-half of 1 per cent of the total bank failures were banks with branches and 1½ per cent of the total deposits were in the banks with branches. In other words, in 1927 one-half of 1 per cent of the total failures were branch banks and 1½ per cent of the total deposits were in banks with branches. In 1928, 1 per cent of failures were branch banks and 2 per cent of the deposits were in banks with branches; in 1929, 1⅝ per cent of the failures were branch banks, for 9 per cent of the deposits. In 1930, 3 per cent of the failures were branch banks, for 40 per cent of the total deposits; and in 1931, 4 per cent of the failures were branch banks, for 27 per cent of the total deposits.

The point is that when times became severe the branch-banking percentage went up, with only a few branch-banking systems, to where 40 per cent of the total deposits lost in 1930 were in the branch banks, whereas in 1927 it was only one-half of 1 per cent. The point is that in times of distress it is absolutely impossible for the branch banks to take care of themselves. This was at a time when we had comparatively few branch banks in the United States, and yet in 1930, 40 per cent of the deposits lost were in the few branch banks that we had in the United States.

These figures are taken from the testimony of the Comptroller of the Currency, Hon. John W. Pole, before the Banking and Currency Committee of the House of Representatives in hearings on a bill to provide a guaranty fund for deposits in banks.

Mr. President, I now come to bank suspensions. I admit, of course, that more little banks have gone broke than big banks. That is because there are more little banks in proportion to the total number of banks. It is no argument to say there are more little banks broke than big banks. Certainly there are. There is a little bank in every community in the country and yet Senators come here and say, "Look at the terrible condition that exists." There is no great sanctity to be thrown over a national bank. We are not going to help the banking situation by nationalizing it as this bill proposes to do.

When we get to banks that had over $1,000,000 of capital, it will be found that of the suspensions of banks with big

capital, the State banks were much better off than the national banks. The State banks only showed 5 per cent of failures among banks with a capital of over $1,000,000 while the national banks showed 7 per cent of failures in banks with capital of over $1,000,000.

To show the kind of theory that is advocated by the bill, I want to refer to a little leaflet that I have here that is being circulated—but before I come to that I want to go a little further with something else before I am interrupted, because I have promised to yield the floor pretty soon. I want to go a little further so that before I yield the floor I will give the Senate some very enlightening information.

I hope that the information I have will not be disputed. If I have not misplaced it here—and I am sure I have not—I am in a position to give the Senate some very enlightening information as to what is back of this bill besides the Senator from Virginia. I will be able to supply a little information as to the elements of speculation injected into its consideration.

The monopolists will find a way to monopolize things, and we are not going to stop them with this bill. The monopolists are on their way. There is a lobby of paid propagandists maintained here. In the hearings in the Power Trust investigation in 1929 there were some interesting disclosures. I have not been able to get all the details, but the Power Trust had a propagandist here, a gentleman who sent out his stuff to all the papers, a gentleman by the name of J. S. S. Richardson. We find to-day the Glass bill being propagandized in the same way the Power Trust propagandized itself with a lobby here to whip the thing over, with propaganda going out over the name of James Stuart Richardson. It was with some difficulty that I found out that J. S. S. Richardson of the Power Trust is the James Stuart Richardson of the Glass bill propaganda. Hah! It is funny business that is going on in this country, Abel and Cain become the same man overnight in this kind of a situation. It is very hard to identify them.

The propagandists have tried to fill the columns of the daily and weekly papers and the weekly and monthly publications. They have tried to fill them full of the kind of inspired propaganda that is being sent out all over the country. The pitiful part of it is that some of our own men in Congress, here in the Senate and in the House, reading the inspired propaganda going out of here, are yielding some of their own opinions to that kind of publicity that is being sent out from Washington. They have taken over the old Power Trust lobby. They never go out of office. They do not have to elect a president, nor a vice president, nor a recording secretary. They have the same set they had before. All they have to do is to move in and put another sign over the door and change one or two initials—change a name for an initial or an initial for a name.

Their stuff goes out all over the country, and many of our learned statesmen, including myself—not among the learned but among the men who are allowed to associate with the learned—many of our learned statesmen have sat here at night studying the great financial publications as to the benefits that would come to the people, and studying the inspired propaganda that goes over the East and the West and the North and the South, all of which is inspired by the publicity that is being issued for the Glass bill, just as they did it for the old Power Trust when they were spreading their wings over this country. I do not know how many people have noticed it, but the same general sentiment that was for the one will be found to be for the other.

Here is some of this inspired publicity. They quote a long conversation and some incidents and haphazard circumstances occurring around the corridors. One day they quote one banker, and another day they quote another. I am not going to send this to the desk to be read, because I have indulged the Senate too much in asking the clerk to read these excerpts. I am not going to send this to the desk to be read, but I will keep it here in case anyone should desire further proof along this line.

Here is another kind of publicity on Branch Banking as a Relief to Credit Stringency, by James L. Welch, of Detroit, Mich. I investigated, and I find that Mr. Welch represents the Michigan group banks. They undertake to tell all about England and Canada, with which I have already dealt sufficiently. They give some publicity to some of our distinguished Members of the Senate.

With all this inspired propaganda the public mind of America in the cities and in the towns and in the great open spaces is just as much against the Glass bill as though they had not been given all of this information. I have here a letter from a gentleman. He does not tell me not to read the letter, but he deals in bank stocks out in Omaha, Nebr. He is associated with a large concern, and they have had some experience in this line as big dealers in bank stocks. This letter and similar letters I hold ready to submit to any Senator, not almost any Senator, but to any Senator. What I read is here to be perused by them:

> I know of no greater opportunity for real service to all the people of our great country than is afforded in the opportunity to defeat this attempt at monopoly for the great banking interests of the country.
>
> The control of credit carries with it the power to prosper or destroy any individual or institution through the extension or withholding of credit.
>
> I want you to know that your many friends throughout the United States are whole-heartedly and unanimously back of you—

Well, I will not read any further. I merely want to give the opinion of the writer of the letter. I have picked out only a few letters from many in order to give as wide a range as I can as to how the country really stands, as was shown here yesterday by the bulletin which I had inserted in the RECORD. Here is a letter from Philadelphia, dated January 10, from which I quote as follows:

> Senator GLASS's proposal means only one end—control of the banking system by a combination of powerful financial institutions which, in turn, could and would control commerce and industry.
>
> Do you recall the strangle hold the old money pool under the Chase Act gained over business in those days?
>
> The finance buccaneers have never given up their battle to gain control of the country's finances since. * * *
>
> If domestic branch banking is to be permitted under the Federal reserve system, no member bank should be allowed to establish a new bank outside of the State of the parent bank.

This letter is signed, as I have said, by a gentleman living in Philadelphia.

The letter which I have in my hand, Mr. President, contains a great deal of the data which were submitted yesterday by the Senator from Utah. It is largely in answer to the effort to compare our banks with foreign banks. I want to show what would happen. America does not do things by haphazard classes; America either goes all chain or no chain. America should be compared more or less to Australia. The writer of this letter says:

> The independent banker points to Australia where the Bank of New South Wales, with $425,000,000 deposits, operating 192 branches and 642 offices—

Here is the ideal case of branch banking—

> and 642 offices closed, virtually wrecking that entire country for 50 years to come.

The writer of the letter calls attention to the fact that—

> Italy had four huge branch-banking systems at the close of the World War; to-day there are two left, and Mussolini had to form a finance corporation similar to our Reconstruction Finance Corporation to save them.

The great examples afforded by England and Canada have been cited, but they have been exploded from top to bottom. Nothing is said about other examples outside of England and Canada, which are the saddest kind of examples for branch banking. No worse examples could be cited to the Senate than those two. When, however, we go outside of them and look to Australia, we learn that that entire country has been wrecked for years because of one great chain system of banks, with 192 branches and 642 offices closed down, thus "virtually wrecking the entire country for 50 years to come."

The German Government during the troublous days of 1931 had to take over and reorganize all the "D" branch-banking systems that collapsed.

Of course, it may be said that that is due to the conditions of the country. Certainly, that is so, just the same as it is true that bank failures in America are due largely to conditions in the country. There have been many things to contribute to bringing on present economic conditions; but bank failures, to a large extent, in America have been due to those conditions. Where there are banks dependent upon agriculture, and agriculture fails, the banks can not keep open; where there are banks dependent upon manufacturing, and the manufacturing industry collapses, the banks are almost necessarily bound to collapse if they have been extending credit to that kind of institution. There is no need to try to find any other reason; for when a country is failing that condition is bound to reflect itself in the failure of banks.

Then the writer of the letter from which I have been quoting says further:

In Sweden and Norway, when Ivar Krueger committed suicide, the Government had to come to the rescue of all the branch banking systems to save them.

They have the branch banking system in Sweden and Norway, but a little handful of men, dominated by Mr. Krueger, obtained such control of the banking resources of Norway and Sweden that a collapse came there from the activities of this man, and that collapse has affected America from one end to the other, as well as breaking up Norway and Sweden, financially speaking.

Mr. President, what kind of a light do Senators want in front of them to make them vote against the branch banking proposal? The facts show that when the terrible depression came, although we had comparatively few branch banks, 40 per cent of all the people who lost their money in 1930 had deposits in the few branches we had then in America. We have the example of Canada showing that branch banking has been a monumental failure; we have the example of England, where it has been a failure; we have the example of Australia, where it broke the whole country; we have the example of Norway and Sweden, where it wrecked them; we have the example of Germany, where it failed; we have every pointed example on God's flaming face of the earth that everywhere, every time, every place, under any circumstances, that they have ever tried this concentration of finance and control of wealth in the hands of a few, it has led to the collapse and destruction of the country. Yet statesmen are standing here telling us that we ought to take money out of the United States Treasury and put it into the hands of a few in order that they might monopolize the banking system of the United States.

The writer of the letter continues:

Everybody is familiar with what happened in England in 1931. The Britishers started running the banks; first one of the big five was reported in trouble, then another; finally they came over and borrowed $250,000,000 on their best securities from the Federal Reserve Bank of New York—

Oh, the branch banking system in England has been a great success, such a great success that it came over to the United States and borrowed $250,000,000 of our money, and then we may lose our money. What a wonderful system it has been.

finally they came over and borrowed $250,000,000 on their best securities from the Federal Reserve Bank of New York to try to stem the tide; then, to keep them from utter collapse, the Government goes off the gold standard and pays its depositors in depreciated currency, which means a 30 per cent loss, not only to every depositor but every man and woman who owns a pound. Witness, if you please, the fact that less than 4 per cent of total deposits in the banks of the United States are lost to its depositors.

Mr. President, in all the banks in the United States put together that have broken, the depositors have only lost 4 per cent of the total deposits, whereas in England if every one of the banks had remained open the least the depositors could have lost under the depreciated currency was 30 per cent on the dollar. That does not mean anything! No; I do not understand figures, I do not understand the philosophy of government or the science of finance. The master hand of banking manipulation must come into this picture. Figures I can not read; signs I do not understand; history I have not studied; but those calculating, designing influences which are to-day allowing starvation in a land of plenty, those master minds to-day that can hold themselves up as the great, shining, perfected, proven examples of masterful finance because they have had their way in financial legislation in the United States for the last 15 or 20 years, have brought the country to the brink of collapse and of ruin and of stagnation.

Yet they come here and tell us that they purport to be our saviors in this crisis and in this pitiable period of the Nation's history. If they were unable to save the country, controlling it as they did, in the years past, they are bad prophets to follow now; they are the prophets who have given the advice which has failed. Who are the men who have caused us to send our money to Europe? They are the men who to-day are back of the Glass bill. Who are the men who caused us to make all these extensions, to make all these plans based upon theories of their own? They are the same set that is behind this Glass bill to-day, the marketers of foreign securities which burden down our banks, who concentrated our wealth, who stagnated our markets, who have had the people starve in the shadow of the food to eat; this set who has reformed civilization so that so long as there is too much to eat there will be starvation, and so long as there is too much to wear there will be nakedness; this set to-day that says, "By reason of our shining example and great benefit and wonderful prophecies and the advice that we have given you in the past, not having quite wrecked you yet, give us one more chance and see what happens to you." That is the set who come back here to-day to try to put over the Glass bill and legislation of this kind.

Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Hull	Robinson, Ind.
Austin	Couzens	Johnson	Schall
Bailey	Cutting	Kendrick	Schuyler
Bankhead	Dale	King	Sheppard
Barbour	Dickinson	La Follette	Shortridge
Barkley	Dill	Lewis	Smith
Bingham	Fess	Logan	Smoot
Black	Fletcher	Long	Steiwer
Blaine	Frazier	McGill	Swanson
Borah	George	McKellar	Thomas, Idaho
Bratton	Glass	McNary	Thomas, Okla.
Broussard	Glenn	Metcalf	Townsend
Bulkley	Goldsborough	Moses	Trammell
Bulow	Gore	Neely	Tydings
Byrnes	Grammer	Norbeck	Vandenberg
Capper	Hale	Norris	Wagner
Caraway	Harrison	Nye	Walcott
Carey	Hastings	Oddie	Walsh, Mass.
Cohen	Hatfield	Patterson	Walsh, Mont.
Connally	Hayden	Pittman	Watson
Coolidge	Hebert	Reynolds	Wheeler
Copeland	Howell	Robinson, Ark.	White

Mr. LA FOLLETTE. I desire to announce the unavoidable absence of the senior Senator from Minnesota [Mr. SHIPSTEAD].

The PRESIDENT pro tempore. Eighty-eight Senators having answered to their names, a quorum is present. The Senator from Louisiana has the floor.

Mr. LONG. Mr. President, I shall have to ask for a little bit better order in the Senate.

The PRESIDENT pro tempore. At the request of the Senator from Louisiana, the Senate will preserve order; and the Senator will suspend until the Senate is in order. [A pause.] The Senator from Louisiana will proceed.

Mr. LONG. Mr. President, the National State Bankers' Protective Association, of Atlanta, Ga., have seen fit to write me with regard to this bill. I am sure that they have already written their own Senators; and they inclose me a resolution which has been adopted by the Country Bankers' Association, which I send to the desk and ask to have read.

The PRESIDENT pro tempore. Without objection, the clerk——

Mr. GLASS. I object, Mr. President. We so much prefer to hear the mellifluous voice of the Senator from Louisiana that I am not willing to have the harsh voice of the clerk disturb us.

The PRESIDENT pro tempore. Under the rule, the question will be submitted to the Senate whether the document shall be read by the clerk or by the Senator occupying the floor.

All those in favor of having the clerk read will say "aye." [A pause.] Those opposed will say "no." [A pause.] The noes appear to have it.

Mr. LONG. I demand a division, Mr. President.

After a division—

The PRESIDENT pro tempore. The Senator from Louisiana will read.

Mr. LONG. Mr. President, I thank Senators for this great expression of fealty which they have toward having my vocal strains resound through this Chamber. I should have been disappointed, it would have been an act of immodesty on my part, had I not permitted the Senators themselves to say that they wanted to hear me.

I do not know of anyone who has been told in the Senate, even against his own will, that the Senate desired to hear him, as I have been here this evening. It is a compliment which I truly appreciate. I shall carry with me, in what few days or few years I have in this body, appreciation for the Senator from Virginia; but I will read the resolution myself.

Mr. BLAINE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Louisiana yield to the Senator from Wisconsin?

Mr. LONG. Yes, sir; I yield to the Senator from Wisconsin.

Mr. BLAINE. The Senator appreciates that this is a deliberative body.

Mr. LONG. I have heard that.

Mr. BLAINE. And it is very difficult, because of the noise in the Senate and the general disturbance, to hear the reading of a document unless it is read deliberately, according to the traditions of this deliberative body.

Mr. LONG (reading):

Resolutions adopted May 12, 1932: The Country Bankers' Association of Georgia, assembled at Macon in its sixteenth annual convention, has given careful consideration to a discussion of legislation pending in the Congress of the United States affecting banks and banking, especially S. 4412, known as the Glass bill, and H. R. 10241, known as the Steagall bill, and takes this method of recording its views thereon, as follows:

"*Resolved*, That we are of the opinion that legislation such as proposed in the Glass bill (S. 4412) is inopportune at this time, and until such time as a competent commission has had time and opportunity to study the probable effect of the proposed legislation"—

Am I reading too fast?—

" and ascertain if the various provisions are so drawn as to promise any improvement in conditions sought to be improved.

"As to those provisions proposing to legalize State-wide branch banking by national banks, regardless of the laws of the several States, as well as those providing for changes in the method of liquidating closed banks, we are firmly of the opinion that such legislation would be unwise and subversive of the public interest, either now or at any other time."

This is from the Country Bankers' Association of the State of Georgia.

Resolved, That we oppose the enactment of the stamp tax on bank checks.

That is May 12. I only read that part of it to show that this was passed May 12. I will not read the whole document.

I have in my hands another document prepared by F. R. Jones, secretary National and State Bankers' Protective Association. He says, among other things:

In the Glass bill, S. 4412, section 19, is a provision allowing national banks to establish branches anywhere within the limitation of their respective States, and even beyond State lines if within a radius of 50 miles of the home of the bank.

Certainly there is no warrant either in logic or in the experience of banking for the last few years leading to the conclusion that branch banking is more successful than independent banking in this country.

I hope Senators understood that. I am going to read the last few lines again.

Mr. President, I shall have to demand order.

The PRESIDING OFFICER (Mr. FESS in the chair). The Senate will please be in order.

Mr. LONG. The Senator from Virginia [Mr. GLASS] wants to hear me read this, and I must ask my colleagues not to prevent me from being heard.

I will read that again:

In the Glass bill, Senate 4412, section 19, is a provision allowing national banks to establish branches anywhere within the limitation of their respective States, and even beyond State lines if within a radius of 50 miles of the home of the bank.

Certainly there is no warrant either in logic or in the experience of banking for the last few years leading to the conclusion that branch banking is more successful than independent banking in this country. Branch banking can not be made successful with a small number of units in a restricted territory, and there is no reason why it should be more successful with a large number of units over a wider area.

I have not the data from which to compile statistics along this line, but I know of a number of local branches and chain-bank systems that have closed, and I believe the number of branch banks in existence is just as great as the number of independent banks.

As a matter of fact, there are more, a great many more, as I have already shown. There is no comparison between the two.

Mr. President, these Georgia bankers met again on January 5, 1933, and adopted this resolution:

Resolved by the executive council of the Country Bankers of the State of Georgia, in regular meeting assembled, That our Senators and Representatives in the United States Congress are hereby urged to use their votes and influence in shaping legislation affecting banks along the lines of the resolutions adopted by the annual convention of the association on May 12, 1932, and that the secretary of the association be instructed to communicate those resolutions, with copies of the resolutions of May 12, to each member of the Georgia delegation.

That means that they stood as they did when they adopted the previous resolutions which I read.

We call attention to the fact that banks are established to serve the people of their communities. The performance of this service is obliged to entail expense. Such expense must be used in one form or another by the recipients of the service. For many years payment for these services has been derived from profits on the use of the funds deposited with the banks as well as from certain charges for specific items of service. Banks can not prosper or continue to serve their communities unless they can secure sufficient compensation to pay for expenses, losses, and reasonable profit. The tendency during the last 20 years has been to limit and to curtail the compensation derived by banks for various services, and this has had a great deal to do with the closing of a great many banks. We are asking that Congress remove some of these restrictions rather than impose others that might still further impair the ability of banks to successfully serve.

There is practically a unanimity of opinion among the country banks from one end of the country to the other against this bill. I have not had the time to-day, but to-morrow I intend to point out the views of some of them, if I may be given the floor, unless some other Senator should desire it for some other more worthy purpose; and I must confess that if some Senator wants to undertake to get relief for the farmers, to get relief for the people, I would not allow my pride of persuasion to prevent me from yielding the floor, or to have my part in the framing of this bill stand in the way of taking up what is necessary to relieve this country from its distress.

We are ready at any time, any moment, any month, any week, to lay aside this kind of discussion and give people a hearing before a committee on this bill. The people of the United States have never been heard a bit on this bill. This bill was introduced one day, was sent to the committee the same day, and was sent back the same day, reported favorably, a bill which would take a lot of money out of the United States Treasury, and giving the people no chance.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield to me?

Mr. LONG. I yield.

Mr. THOMAS of Oklahoma. I might suggest to the Senator that on to-morrow, if I can get the floor, I will seek to divert the attention of the Senate from the text of the

bill to the condition which confronts the people of the United States in the several States and cities of the country.

Mr. LONG. Mr. President, I think it is high time that somebody was doing that. I have been trying to do that myself here for about three days, and I tried to do so for several months before that, and for a year or so before that. It is high time, gentlemen of the Senate, that we were thinking about the people of this country. It is time, instead of talking about these various and sundry little 2 by 4 resolutions, and consolidating banks, and doing this and doing that, that we thought about the people who have not any bank accounts. It is time we began to think about the people who have not anything. We ought to stop all this kind of business until the pyramid has a base on which to stand.

Let us talk about expanding the currency, talk about giving the country a medium of exchange, or remonetizing silver. That is what the people of the United States want. If we could submit a questionnaire to the people of the United States, out of the 50,000,000 people who might be entitled to vote as being above the age of majority, we would find that there would not be less than 95 per cent of those people who would want us to remonetize silver in the United States to-morrow.

Some of us, and I am one of them, have set ourselves up as advisors and regulators of the people. We have set ourselves up as knowing more that would be for the benefit of the people than the people know, and we have made a sad mess of it. We have not proved our capacity to the point where we have a right to claim any more credit in the minds of the people in view of what is happening in the United States to-day.

It would have been better for us to have taken the advice of the people of the United States. What was the advice of the people of the United States, Mr. President, if I may be permitted to ask here? The best advice the people had was the advice given to them by a candidate for public office, by the President elect of the United States, his promises of what he would do. I went out and repeated those promises, and many others here did the same thing. There was some more good advice given to this country from the Republican Party, the same caliber of advice that was given to this country by the present President of the United States when he said that his conception of this country was as one where the wealth was not concentrated in the hands of the few.

What have we done here? Is there anything in this bill that purports to say that we are going to give the people a sufficient medium of exchange to carry on business? No; not a word. Is there anybody on the floor of the Senate or anywhere else who has had the temerity even to suggest that there was a suspicion of a line in this bill that was going to decentralize wealth? Not one line.

It is high time that the Senator from Oklahoma and others of us here were getting somewhere. It takes more than a few days to do it. But I do believe it is the mind of practically every Member of the United States Senate, if he understands the conditions as we would all like to understand them, and as probably none of us, in a way, understand them, that we should get down and feed the people with the surplus foodstuffs we have in our country, because we may not have as long a time to do it as we may be thinking we will have. I was yesterday talking to one of the most conservative-minded men in the Senate, and one of the best students of government, and was surprised to have him say to me that we would better do something in Congress for the people of the United States now, because, as he said—

I do not know how much longer they are going to give us a chance to do it.

All we have done this session has been to debate the Philippine bill, about some future generation perhaps being free or not being free, and debate various and sundry little formal measures. Here we are to-day trying to close the door with a branch banking bill, so that the people of the United States will not be able to undo the harm that has already been done. But we ought to be doing something. I would like to appeal to Senators, in the minds and the hearts of the people of the United States, if they are understood by their Senators and by their Representatives, what they want us to do and what we ought to do is to adopt a means of exchange sufficient to take this food and clothing and these homes and put them into the possession and ownership and use of the people of the United States, rather than have them stagnated and withheld from the people who need them so badly in these times of trial and distress.

Mr. McNARY. Mr. President, will the Senator yield to me to make a motion?

Mr. LONG. I yield.

Mr. GLASS. Mr. President, does the Senator from Oregon intend to make a motion that the Senate adjourn?

Mr. McNARY. I intended to move that the Senate take a recess until 12 o'clock to-morrow. I yield to the Senator from Virginia.

Mr. GLASS. Mr. President, this short session of Congress is rapidly drawing to a close, and exceedingly important problems are to be, or at least should be, determined. Among them is the pending bill, which is not exceeded in importance to the people of this country by any other measure, perhaps aside from the appropriation bills.

Again, the Senate is confronted with the question as to whether or not it shall be permitted to legislate. I think it may legislate. I think under its definite rules it can legislate, and, as far as I am concerned—and I think I speak for the Banking and Currency Committee—I intend that it shall legislate. Therefore I serve notice that on to-morrow I shall ask the Senate to sit until a reasonable hour in the evening in order that we may commence a deliberate consideration of the pending bill.

RECESS

Mr. McNARY. I move that the Senate take a recess until to-morrow at 12 o'clock.

The motion was agreed to; and the Senate (at 5 o'clock p. m.) took a recess until to-morrow, Thursday, January 12, 1933, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate Wednesday, January 11 (legislative day of Tuesday, January 10), 1933

FOREIGN SERVICE

Peter H. A. Flood, of New Hampshire, now a Foreign Service officer of class 6 and a consul, to be also a secretary in the Diplomatic Service of the United States of America.

APPOINTMENTS AND PROMOTIONS IN THE NAVY

Medical Director Charles M. Oman to be Surgeon General and Chief of the Bureau of Medicine and Surgery in the Department of the Navy, with the rank of rear admiral, for a term of four years.

Commander Charles C. Gill to be a captain in the Navy from the 1st day of October, 1932.

Lieut. Commander Elliott Buckmaster to be a commander in the Navy from the 1st day of December, 1932.

Lieut. Thomas W. Mather to be a lieutenant commander in the Navy from the 30th day of June, 1931.

Lieut. Joseph B. Anderson to be a lieutenant commander in the Navy from the 30th day of June, 1932.

Lieut. David H. Clark to be a lieutenant commander in the Navy from the 2d day of August, 1932.

The following-named lieutenants to be lieutenant commanders in the Navy from the 1st day of October, 1932:

Ralph H. Roberts.

Valentine H. Schaeffer.

Allen D. Brown.

Lieut. (Junior Grade) James W. Smith to be a lieutenant in the Navy from the 30th day of June, 1932.

Lieut. (Junior Grade) William C. France to be a lieutenant in the Navy from the 1st day of August, 1932.

Ensign Gordon F. Duvall to be a lieutenant (junior grade) in the Navy from the 6th day of June, 1932.

The following-named passed assistant paymasters to be paymasters in the Navy, with the rank of lieutenant commander, from the 4th day of June, 1931:

Walter W. Gilmore.	Hilton P. Tichenor.
Allen H. White.	Charles W. White.
Daniel M. Miller.	Clifford W. LeRoy.
Alpheus M. Jones.	Harry E. Groos.
Orlo S. Goff.	Francis P. Kenny.
Noble R. Wade.	Arthur M. Bryan.
Robert C. Vasey.	

The following-named passed assistant paymasters to be paymasters in the Navy, with the rank of lieutenant commander, from the 30th day of June, 1931:

Julian H. Maynard.

Marvin C. Roberts.

Gunner Frederick M. Tobias to be a chief gunner in the Navy, to rank with but after ensign, from the 2d day of September, 1932.

The following-named electricians to be chief electricians in the Navy, to rank with but after ensign, from the 2d day of September, 1932:

John L. Peters.

Paul R. Reed.

Lieut. James J. Graham to be a lieutenant commander in the Navy from the 26th day of September, 1932.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JANUARY 11, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O God and Heavenly Father, do Thou reach toward Thy merciful hand, push it by us, and let us touch the hem of Thy garment, and there shall come to us a joyous confidence which shall give us a new sense of the possibilities of life; in Thy love there is power and purity. Bear with our frailties and failures, and discipline us by Thy grace and give us more and more the touches of the nobility and sweetness of soul. O may the vexed waters of our country soon become smooth. Redeem our land in goodness, and the vicious energies which thrive in prosperity shall no longer make men a prey to selfishness and false ambitions. For the sake of the strength and vitality of a splendid manhood, help us to exclude the things that mar, hurt, and pull down. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed the following resolution:

Senate Resolution 319

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. SAMUEL AUSTIN KENDALL, late a Representative from the State of Pennsylvania.

Resolved, That a committee of eight Senators be appointed by the Vice President to join the committee appointed on the part of the House of Representatives to attend the funeral of the deceased Representative.

Resolved, That the secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to the memory of the deceased Representative the Senate do now adjourn.

The message also announced that pursuant to the foregoing resolutions the Vice President had appointed Mr. REED, Mr. DAVIS, Mr. ODDIE, Mr. TRAMMELL, Mr. WHITE, Mr. BULOW, Mr. BARBOUR, and Mr. BYRNES members of the committee on the part of the Senate to attend the funeral of the deceased.

The message also announced that the Senate had passed the following resolution:

Senate Resolution 320

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. ROBERT R. BUTLER, late a Representative from the State of Oregon.

Resolved, That a committee of eight Senators be appointed by the Vice President to join the committee appointed on the part of the House of Representatives to attend the funeral of the deceased Representative.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to the memory of the deceased Representative the Senate do now adjourn.

The message also announced that pursuant to the foregoing resolutions the Vice President had appointed Mr. MCNARY, Mr. STEIWER, Mr. DILL, Mr. BORAH, Mr. JOHNSON, Mr. SHORTRIDGE, Mr. THOMAS of Idaho, and Mr. GRAMMER members of the committee on the part of the Senate to attend the funeral of the deceased.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 8750) entitled "An act relative to restrictions applicable to Indians of the Five Civilized Tribes in Oklahoma," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. FRAZIER, Mr. SCHALL, and Mr. THOMAS of Oklahoma to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 5252. An act providing for payment of $25 to each enrolled Chippewa Indian of Minnesota from the funds standing to their credit in the Treasury of the United States.

FARM RELIEF

Mr. JONES. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 13991) to aid agriculture and relieve the existing national economic emergency.

Mr. CLARKE of New York. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The question is on the motion of the gentleman from Texas that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 13991.

The question was taken; and on a division (demanded by Mr. JONES) there were—ayes 103, noes 0.

Mr. JONES. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. Evidently there is no quorum present. This is an automatic call. The question is on the motion to go into the Committee of the Whole House on the state of the Union. The Clerk will call the roll.

The question was taken; and there were—yeas 348, nays 2, not voting 76, as follows:

[Roll No. 137]

YEAS—348

Adkins	Bloom	Cary	Cox
Aldrich	Boehne	Castellow	Coyle
Almon	Bolleau	Cavicchia	Cross
Amlie	Bolton	Celler	Crowe
Andresen	Bowman	Chapman	Crowther
Andrew, Mass.	Boylan	Chase	Crump
Andrews, N. Y.	Brand, Ohio	Chindblom	Culkin
Arnold	Briggs	Chiperfield	Cullen
Auf der Heide	Britten	Christgau	Davenport
Ayres	Browning	Christopherson	Davis, Pa.
Bacharach	Brunner	Clague	Davis, Tenn.
Bachmann	Buchanan	Clancy	Delaney
Bacon	Bulwinkle	Clark, N. C.	De Priest
Baldrige	Burch	Clarke, N. Y.	DeRouen
Bankhead	Burdick	Cochran, Mo.	Dickinson
Barbour	Burtness	Cochran, Pa.	Dickstein
Barton	Busby	Cole, Iowa	Dies
Beam	Cable	Cole, Md.	Disney
Beck	Campbell, Iowa	Collier	Dominick
Beedy	Cannon	Collins	Douglass, Mass.
Biddle	Carden	Colton	Dowell
Black	Carley	Condon	Doxey
Bland	Carter, Calif.	Connolly	Drane
Blanton	Cartwright	Cooper, Tenn.	Drewry